

1 Michael Gerard Fletcher (State Bar No. 070849)  
mfletcher@frandzel.com  
2 Gerrick M. Warrington (State Bar No. 294890)  
gwarrington@frandzel.com  
3 FRANDZEL ROBINS BLOOM & CSATO, L.C.  
1000 Wilshire Boulevard, Nineteenth Floor  
4 Los Angeles, California 90017-2427  
Telephone: (323) 852-1000  
5 Facsimile: (323) 651-2577

6 Attorneys for Secured Creditor  
ARCHWAY BROADWAY LOAN SPE, LLC  
7

8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10 **LOS ANGELES DIVISION**  
11

12 In re  
13 SEATON INVESTMENTS, LLC, *et al.*,  
14 Debtors and Debtors-in-  
15 Possession.

16 Affects:

- 17 ☐ All Debtors  
18 ☐ Seaton Investments, LLC  
☐ Colyton Investments, LLC  
19 ☒ Broadway Avenue Investments, LLC  
☐ SLA Investments, LLC  
20 ☐ Negev Investments, LLC  
☐ Alan Gomperts  
21 ☐ Daniel Halevy  
22 ☐ Susan Halevy

Lead Case No. 2:24-bk-12079-VZ

Jointly Administered with Case Nos.:

2:24-bk-12080-VZ; 2:24-bk-12081-VZ;  
2:24-bk-12082-VZ; 2:24-bk-12091-VZ;  
2:24-bk-12074-VZ; 2:24-bk-12075-VZ; and  
2:24-bk-12076-VZ

Chapter 11

**DECLARATION OF PETER MEYERS**

Date: February 25, 2025  
Time: 11:00 a.m.  
Crtrm.: 1368  
255 E. Temple Street  
Los Angeles, CA 90012

Hon. Vincent P. Zurzolo

FRANZEL ROBINS BLOOM & CSATO, L.C.  
1000 WILSHIRE BOULEVARD, NINETEENTH FLOOR  
LOS ANGELES, CALIFORNIA 90017-2427  
(323) 852-1000

1 I, Peter Meyers, declare:

2 1. I am an independent appraiser and have been managing partner of the Los Angeles  
3 office of Joseph J. Blake and Associates, Inc. ("Blake"), a valuation and consulting services firm,  
4 since 2011.

5 2. If called as a witness, I could and would competently testify to all facts within my  
6 personal knowledge.

7 3. I am a State Certified General Real Estate Appraiser in California (license number  
8 AG024373), Arizona (license number 31147), Hawaii (license number CGA950), Nevada (license  
9 number 03609). I am also a licensed real estate broker in California under license number  
10 01267688. I have had an MAI designation from the Appraisal Institute since 2003, and am a  
11 member of the Royal Institute of Chartered Surveyors (MRICS). A true and correct copy of my  
12 curriculum vitae, setting forth my qualifications, is attached as **Exhibit 1** and incorporated herein  
13 by reference.

14 4. In April 2024, I prepared an appraisal report on behalf of Blake for Michael Gerard  
15 Fletcher of Frandzel Robins Bloom & Csato, L.C. concerning the real property located at 737 S.  
16 Broadway, Los Angeles, California. A true and correct copy of that appraisal is attached hereto as  
17 **Exhibit 2**.

18 I declare under penalty of perjury under the laws of the United States of America that the  
19 foregoing is true and correct and that this Declaration was executed on this 4<sup>th</sup> day of February,  
20 2025, at Los Angeles, California.

21  
22   
23 Peter Meyers

# Exhibit 1

# Exhibit 1

**PETER MEYERS, MAI, MRICS**  
**PROFESSIONAL QUALIFICATIONS**  
**AND RELEVANT EXPERIENCE**

**PROFESSIONAL  
AFFILIATIONS:**

Appraisal Institute Certificate Number 12085  
Received MAI designation in March of 2003  
Royal Institution of Chartered Surveyors (MRICS)

**DIPLOMA/DEGREE DETAILS:**

University of Southern California with a Bachelor of Science –  
School of Business Administration.

**OTHER EDUCATION:**

Numerous Appraisal Institute courses

**EMPLOYER:**

**JOSEPH J. BLAKE AND ASSOCIATES, INC.**  
201 Continental Blvd., Suite 100  
El Segundo, CA 90245

**POSITIONS:**

Managing Partner (2011 to Present)  
Vice President/Regional Manager Southwest Region  
(2003 to 2010)  
Senior Appraiser (1997 to 2002)  
Associate Appraiser (1994 to 1996)

**CURRENT RESPONSIBILITIES:**

Include the preparation and direction of a variety of full narrative real estate appraisals and consulting studies prepared on a national basis. Mr. Meyers supervises a staff of 10-12 Appraisers and consultants and directs all major assignments throughout the Southwestern United States. His responsibilities not only include in-house appraisal review, but also training young professionals concerning every aspect of real estate appraisal practice.

**RELEVANT EXPERIENCE:**

State Certified General Real Estate Appraiser in California (No. AG024373), Arizona (No. 31147), Hawaii (No. CGA950), Nevada (No. 03609)

Mr. Meyers has prepared and or directed numerous appraisal and consulting assignments for individuals, corporations, financial institutions, pension funds, and syndicates which include: mixed-use properties, single-family residences, apartment buildings and complexes, proposed condominiums, condominium conversions, office buildings, motels, hotels, industrial properties, regional malls, shopping centers, mobile home parks, market studies, feasibility studies, and investment analyses on a variety of institutional and non-institutional grade real property in 7 states. Over the past 25 years Mr. Meyers has prepared or supervised over 5,000 appraisals which represent an aggregate value well into the billions of dollars.

Mr. Meyers' current duties include the appraisal of all types of investment grade and non-investment grade real estate, including office buildings, regional malls, community centers, neighborhood centers, industrial properties and apartments, condominium complexes, residential subdivisions, hotels, restaurants, vacant land and special use properties, as well as providing related consulting.

He has appraised and supervised appraisals, as well as prepared consulting studies of properties for a variety of public pension funds, large institutional investors, pension fund advisors, insurance companies

*Joseph J. Blake and Associates, Inc.*



**PETER MEYERS, MAI, MRICS**  
**PROFESSIONAL QUALIFICATIONS**  
**AND RELEVANT EXPERIENCE**

and banks such as the Teachers' Retirement Systems of Illinois, the Teachers' Retirement Systems of New York, State Board of Administration of Florida, Heitman Institutional Realty, AEW Capital Management, L&B Real Estate, TA Associates Realty, Capri Advisors, Urdang Real Estate Advisors, Genworth, StanCorp Mortgage Investors, Symetra Life Insurance Company, Jones Lang LaSalle, Wells Fargo, JP Morgan Chase, Principal Mutual Life Insurance Company, Israel Discount Bank, John Hancock, Capital One, PNC, First Republic Bank, Regions Bank, Morgan Stanley, Santander and many others.

**ADDITIONAL REAL ESTATE ACTIVITIES:**

Active in NCREIF, PREA and Mortgage Banker's Association functions. He maintains alliances with such groups as the University of Southern California Alumni Association, the South Bay Association of Realtors and the Southern California Chapter of the Appraisal Institute.

# Exhibit 2

# Exhibit 2



**APPRAISAL REPORT**

Mixed-use Creative Office / Retail Property  
737 S. Broadway  
Los Angeles, Los Angeles County, CA 90014



**PREPARED FOR**

Mr. Michael Gerard Fletcher  
Frandzel Robins Bloom & Csato, L.C.  
1000 Wilshire Boulevard,  
19th Floor  
Los Angeles, CA 90017

**PREPARED BY**

Joseph J. Blake and Associates, Inc.  
201 Continental Boulevard  
Suite 100  
El Segundo, CA 90245



JOSEPH J. BLAKE AND ASSOCIATES, INC.  
REAL ESTATE VALUATION AND CONSULTING

201 Continental Boulevard, Suite 100 | El Segundo, CA 90245 | Phone: (310) 216-2130 | Fax: (310) 216-2131 | [www.josephblake.com](http://www.josephblake.com)

April 9, 2024

Mr. Michael Gerard Fletcher  
Frandzel Robins Bloom & Csato, L.C.  
1000 Wilshire Boulevard,  
19th Floor  
Los Angeles, CA 90017

Re: Mixed-use Creative Office / Retail Property  
737 S. Broadway  
Los Angeles, CA 90014

Dear Mr. Fletcher:

As requested, we have prepared an appraisal of the property referenced above presented in the attached Appraisal Report. The purpose of the appraisal is to develop an opinion of the following values:

Perspective	Value	Date of Value	Interest Appraised	Value Type
Current	"As Is"	2/14/24	Fee Simple Estate	Market Value
Prospective	"As Complete"	5/14/24	Fee Simple Estate	Market Value
Prospective	"As Stabilized"	8/14/25	Leased Fee Estate	Market Value

Briefly described, the subject consists of an eight-story mixed use office/retail property in average condition, containing approximately 75,158 SF of net rentable area, constructed in 1913. The subject's site consists of approximately 9,900 SF or approximately 0.23 acre of land. The site is rectangular and is level and at street grade. Parking is limited to off-site.

At the time of our previous appraisal in July 2021, the ownership's representative stated that the creative office conversion and renovation had started in 2019. Due to changes in building codes and COVID-19-related administrative delays within various city departments and vendors, completion had been delayed. At the time of the previous appraisal in July 2021, the ownership's representative stated that the conversion/renovation was nearly complete with limited utility tie-ins and inspections remaining for the issuance of occupancy certificates. The cost to complete was estimated at approximately \$300,000 at that time. The projected timeframe for completion was 60-90 days.

The appraisal and the attached Appraisal Report have been prepared in conformity with and are subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP). In preparing this appraisal, we considered the use of the three most widely recognized approaches to value: the Cost, Income Capitalization and Sales Comparison Approaches. The appraisal is subject to the attached Assumptions and Limiting Conditions and Definition of Market Value.

April 9, 2024  
Mr. Michael Gerard Fletcher  
Page 2 of 2

Based on the analysis of pertinent physical and economic factors, we have arrived at the following value opinions:

Perspective	Value	Date of Value	Interest Appraised	Value Opinion
Current	"As Is"	2/14/24	Fee Simple Estate	<b>\$17,100,000</b>
Prospective	"As Complete"	5/14/24	Fee Simple Estate	<b>\$17,400,000</b>
Prospective	"As Stabilized"	8/14/25	Leased Fee Estate	<b>\$21,800,000</b>

At the time of our previous appraisal in July 2021, the ownership's representative indicated the renovation was nearly complete with some inspections and utility tie-ins remaining for the issuance of certificates of occupancy, which was expected to be completed within 2-3 months. The cost to complete was projected at approximately \$300,000 at that time. We were not able to confirm whether the remaining construction was complete and whether the certificates of occupancy have been issued. Based on our research of online records and permits on LADBS (Los Angeles Department of Building and Safety) website, no recent records have been found. Therefore, similar assumptions regarding the completion and the occupancy permits made at the time of our previous appraisal in July 2021 were assumed prevailing currently. This appraisal is based on an assumption that the renovations will be completed in a professional manner at a cost not exceeding the budget and the certificates of occupancy will be issued within the timeframe projected. We reserve the right to amend the appraisal if the assumptions prove inaccurate. Also, the property was last inspected and photographed in 2021. We assume the interior and exterior conditions have not significantly changed. The use of the aforementioned Extraordinary Assumptions might have affected the assignment results.

This appraisal is not based on any hypothetical conditions.

The opinion(s) of value are based on exposure times of 12 to 18 months, assuming the property was properly priced and actively marketed.

The attached Appraisal Report summarizes the documentation and analysis in support of our opinions. If you have any questions, please contact the undersigned. We thank you for retaining the services of our firm.

Respectfully submitted,

JOSEPH J. BLAKE AND ASSOCIATES, INC.



Peter Meyers, MAI, MRICS  
Managing Partner  
California-Certified General  
No. AG024373  
Expires: April 16, 2025  
pmeyers@josephjblake.com



Simon Kim, MAI  
Partner  
California-Certified General  
No. AG043942  
Expires: May 15, 2026  
skim@josephjblake.com

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**ADDENDA**

Glossary of Terms  
Qualifications of the Appraisers/Licenses

### PROPERTY SUMMARY

Address	City	County	State	Zip	Parcel ID/Tax ID
737 S. Broadway	Los Angeles	Los Angeles County	CA	90014	5144-014-030

The subject is located on the northwest side of S. Broadway between 7th Street and 8th Street in the City of Los Angeles, County of Los Angeles.

Briefly described, the subject consists of an eight-story mixed use office/retail property in average condition, containing approximately 75,158 SF of net rentable area, constructed in 1913. The subject's site consists of approximately 9,900 SF or approximately 0.23 acre of land. The site is rectangular and is level and at street grade. Parking is limited to off-site.

The following table provides a summary of the subject improvements:

Subject	Net Rentable Area	Year Renovated	Current Occupancy
737 S. Broadway	75,158	2021-2024	0.00%

The following table summarizes the subject's site:

Gross Land Area (Acres)	Gross Land Area (SF)	Primary Zoning Code	Primary Zoning Description	Primary Zoning Authority
0.23	9,900	[Q]C5-4D-CDO-SN	Commercial Zone	City of Los Angeles

The following table summarizes the highest and best use, the current use, and the appraised use of the subject:

Highest and Best Use	
Site as Vacant	Site as Improved
hold for future retail/creative office development	The current improvements
Current Use	Appraised Use
Mixed-use office and retail	Mixed-use office and retail

### PERTINENT DATES

The date of the report is April 9, 2024. The date of the inspection was February 14, 2024. The date(s) of valuation are as follows:

Perspective	Value	Date of Value
Current	"As Is"	2/14/24
Prospective	"As Complete"	5/14/24
Prospective	"As Stabilized"	8/14/25

**VALUE SUMMARY**

The value conclusions are summarized as follows:

<b>Value</b>	<b>Date of Value</b>	<b>Income Capitalization Conclusion</b>	<b>Sales Comparison Conclusion</b>
"As Is"	2/14/24	\$17,100,000	\$16,300,000
"As Complete"	5/14/24	\$17,400,000	\$16,700,000
"As Stabilized"	8/14/25	\$21,800,000	\$21,000,000

<b>Perspective</b>	<b>Value</b>	<b>Date of Value</b>	<b>Interest Appraised</b>	<b>Value Opinion</b>
Current	"As Is"	2/14/24	Fee Simple Estate	<b>\$17,100,000</b>
Prospective	"As Complete"	5/14/24	Fee Simple Estate	<b>\$17,400,000</b>
Prospective	"As Stabilized"	8/14/25	Leased Fee Estate	<b>\$21,800,000</b>



Mixed-use Creative Office / Retail Property  
24-045-04

## PHOTOGRAPHS OF THE SUBJECT



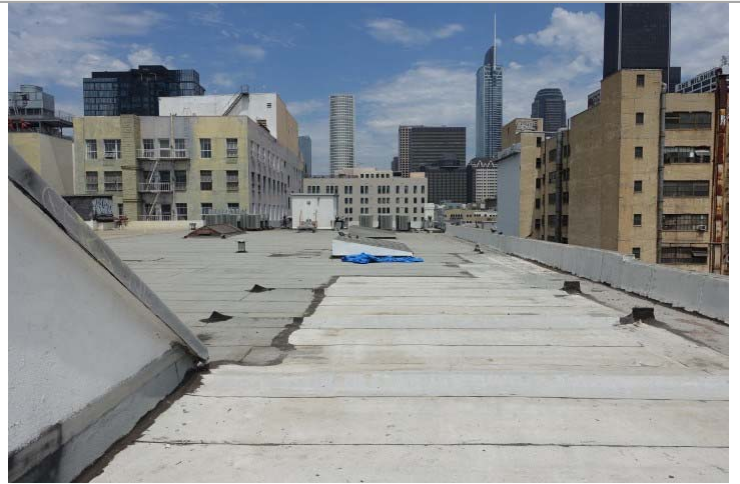
Subject's Exterior



Ground Floor Retail



8<sup>th</sup> Floor



Roof



7<sup>th</sup> Floor



6<sup>th</sup> Floor

Mixed-use Creative Office / Retail Property  
24-045-04

**PHOTOGRAPHS OF THE SUBJECT**



**5<sup>th</sup> Floor**



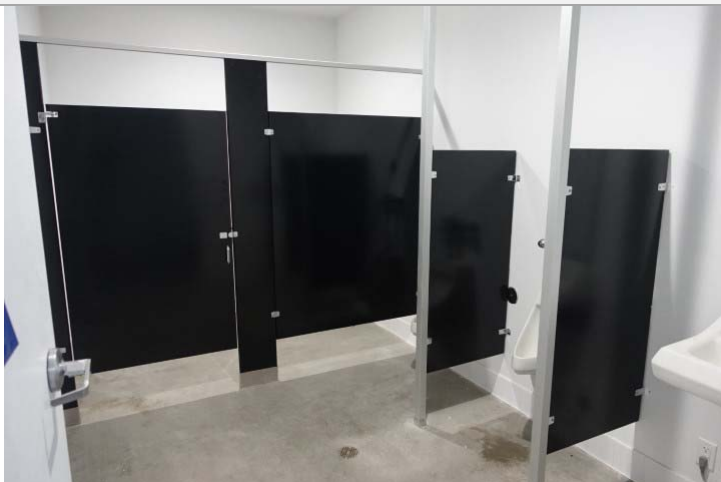
**4<sup>th</sup> Floor**



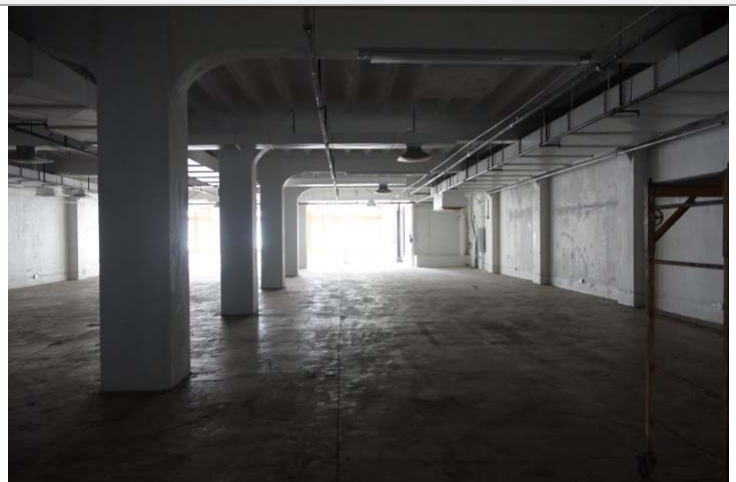
**3<sup>rd</sup> Floor**



**Elevator**



**Restroom**



**2<sup>nd</sup> Floor**



Mixed-use Creative Office / Retail Property  
24-045-04

## PHOTOGRAPHS OF THE SUBJECT



**2<sup>nd</sup> Floor Mezzanine**



**Rear Alley**



**Basement**



**S. Broadway Looking Northeast (Taken on 02-14-24)**



**S. Broadway Looking Southwest (Taken on 02-14-24)**



**Subject Exterior (Taken on 02-14-24)**

Note that interior photos inserted above have been sourced from our previous appraisal rendered in July 2021.

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have previously appraised the subject property in July 2021.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Peter Meyers, MAI, MRICS, has not made a personal inspection of the property that is the subject of this report. Simon Kim, MAI, has made a personal inspection of the property that is the subject of this report. Note that the inspection was limited to a drive-by exterior-only type.
- No one provided significant real property appraisal assistance to the persons signing this certificate.
- As of the date of this report, Peter Meyers, MAI, MRICS, has completed the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report, Simon Kim, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.
- The Appraisal Report is not based on a requested minimum valuation, a specific valuation, or the approval of a loan. In addition, our engagement was not contingent upon the appraisal producing a specific value and neither engagement, nor employment, nor compensation, is based upon approval of any related loan application.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Mixed-use Creative Office / Retail Property  
24-045-04

**CERTIFICATION**

- We are professionally competent to perform this appraisal assignment by virtue of previous experience with similar assignments and/or appropriate research and education regarding the specific property type being appraised.

JOSEPH J. BLAKE AND ASSOCIATES, INC.



Peter Meyers, MAI, MRICS  
Managing Partner  
California-Certified General  
No. AG024373  
Expires: April 16, 2025  
pmeyers@josephjblake.com



Simon Kim, MAI  
Partner  
California-Certified General  
No. AG043942  
Expires: May 15, 2026  
skim@josephjblake.com



**GENERAL ASSUMPTIONS & LIMITING CONDITIONS**

This Appraisal Report is subject to underlying assumptions and limiting conditions qualifying the information contained in the Report as follows:

The valuation opinion(s) apply only to the property specifically identified and described in the ensuing Report.

Information and data contained in the report, although obtained from public record and other reliable sources and, where possible, carefully checked by us, is accepted as satisfactory evidence upon which rests the final opinion(s) of property value.

We have made no legal survey, nor have we commissioned one to be prepared, and therefore, reference to a sketch, plat, diagram or previous survey appearing in the report is only for the purpose of assisting the reader to visualize the property.

It is assumed that all information known to the client and/or the property contact and relative to the valuation has been accurately furnished and that there are no undisclosed leases, agreements, liens or other encumbrances affecting the use of the property, unless otherwise noted in this report.

Ownership and management are assumed to be competent and in responsible hands.

No responsibility beyond reasonableness is assumed for matters of a legal nature, whether existing or pending.

We, by reason of this appraisal, shall not be required to give testimony as expert witness in any legal hearing or before any Court of Law unless justly and fairly compensated for such services.

By reason of the Purpose of the Appraisal and the Intended User and Use of the Report herein set forth, the value opinion(s) reported are only applicable to the Property Rights Appraised, and the Appraisal Report should not be used for any other purpose.

Disclosure of the contents of this Appraisal Report is governed by the By-Laws and Regulations of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any opinions as to value, our identity, or the firm with which we are connected, or any reference to the Appraisal Institute or to the MAI Designation) shall be reproduced for dissemination to the public through advertising media, public relations media, news media, sales media or any other public means of communication without our prior consent and written approval.

We have not been furnished with soil or subsoil tests, unless otherwise noted in this report. In the absence of soil boring tests, it is assumed that there are no unusual subsoil conditions or, if any do exist, they can be or have been corrected at a reasonable cost through the use of modern construction techniques.

This appraisal is based on the conditions of local and national economies, purchasing power of money, and financing rates prevailing at the effective date(s) of value.

We are not engineers and any references to physical property characteristics in terms of quality, condition, cost, suitability, soil conditions, flood risk, obsolescence, etc., are strictly related to their economic impact on the property. No liability is assumed for any engineering-related issues.

Unless otherwise stated in this report, we did not observe the existence of hazardous materials, which may or may not be present on or in the property. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials, may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value or extend their marketing time. No responsibility is assumed for any such conditions, or for the expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

## GENERAL ASSUMPTIONS & LIMITING CONDITIONS

Toxic and hazardous substances, if present within a facility, can introduce an actual or potential liability that may adversely affect marketability and value. Such effects may be in the form of immediate clean-up expense or future liability of clean-up costs (stigma). In the development of our opinion(s) of value, no consideration was given to such liabilities or their impact on value. The client and all intended users release Joseph J. Blake and Associates, Inc., from any and all liability related in any way to environmental matters.

Possession of this report or a copy thereof does not imply right of publication, nor use for any purpose by any other than the client to whom it is addressed, without our written consent.

Cash flow projections are forecasts of estimated future operating characteristics and are based on the information and assumptions contained within the Appraisal Report. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may well vary from the projections contained herein. We do not warrant that these forecasts will occur. Projections may be affected by circumstances beyond our current realm of knowledge or control.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements for the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Unless otherwise stated in this report, we have no direct evidence relating to this issue and we did not consider possible non-compliance with the requirements of the ADA in forming the opinion of the value of the property.

The liability of Joseph J. Blake and Associates, Inc., employees is limited to the client only. No third parties other than our client may rely upon this appraisal for any purpose whatsoever, including the provision of financing for the subject property. Third parties, who desire us to prepare an appraisal of the subject property for their use, should contact Joseph J. Blake and Associates, Inc., 201 Continental Boulevard, Suite 100, El Segundo, CA 90245.

### EXTRAORDINARY ASSUMPTIONS

At the time of our previous appraisal in July 2021, the ownership's representative indicated the renovation was nearly complete with some inspections and utility tie-ins remaining for the issuance of certificates of occupancy, which was expected to be completed within 2-3 months. The cost to complete was projected at approximately \$300,000 at that time. We were not able to confirm whether the remaining construction was complete and whether the certificates of occupancy have been issued. Based on our research of online records and permits on LADBS (Los Angeles Department of Building and Safety) website, no recent records have been found. Therefore, similar assumptions regarding the completion and the occupancy permits made at the time of our previous appraisal in July 2021 were assumed prevailing currently. This appraisal is based on an assumption that the renovations will be completed in a professional manner at a cost not exceeding the budget and the certificates of occupancy will be issued within the timeframe projected. We reserve the right to amend the appraisal if the assumptions prove inaccurate. Also, the property was last inspected and photographed in 2021. We assume the interior and exterior conditions have not significantly changed. The use of the aforementioned Extraordinary Assumptions might have affected the assignment results.

### HYPOTHETICAL CONDITIONS

This appraisal is not based on any hypothetical conditions.

### INTENDED USER AND USE OF THE APPRAISAL

The intended user of this appraisal is the client, Frandzel Robins Bloom & Csato, L.C. and Archway Real Estate Income Fund I SPE I, LLC. We assume any affiliates, successors and assigns noted herein have the same intended use, knowledge and understanding as the original named client. The intended use of this appraisal is to assist the client with litigation support. This appraisal is not intended to be used by any other parties, for any other reasons, other than those which are stated here. Non-identified parties are not intended users of this report.

### PERTINENT DATES OF INSPECTION, APPRAISAL VALUE AND REPORT

The date of the report is April 9, 2024. The date of the exterior-only drive-by inspection was February 14, 2024. This Appraisal Report, with its analyses, conclusions and final opinions of market value, is specifically applicable to the following date(s) of valuation:

Perspective	Value	Date of Value
Current	"As Is"	2/14/24
Prospective	"As Complete"	5/14/24
Prospective	"As Stabilized"	8/14/25

### PURPOSE OF THE APPRAISAL AND PROPERTY RIGHTS APPRAISED

Perspective	Value	Date of Value	Interest Appraised	Value Type
Current	"As Is"	2/14/24	Fee Simple Estate	Market Value
Prospective	"As Complete"	5/14/24	Fee Simple Estate	Market Value
Prospective	"As Stabilized"	8/14/25	Leased Fee Estate	Market Value

### DEFINITION OF VALUE

Value	Value Definition	Value Source
Market Value	<p>Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:</p> <ol style="list-style-type: none"> <li>1. Buyer and seller are typically motivated;</li> <li>2. Both parties are well informed or well advised, and acting in what they consider their own best interests;</li> <li>3. A reasonable time is allowed for exposure in the open market;</li> <li>4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and</li> <li>5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.'</li> </ol>	12 C.F.R. § 34.42, 225.62, 323.2, 564.2, 722.2

### EXPOSURE TIME

To arrive at an estimate of exposure time, we reviewed exposure periods of comparable sales and listings. Recent sales office properties in the regional market reported exposure time in the range of 12 to 18 months due to lack of demand and softness in the market. We are of the opinion that 12 to 18 months is a reasonable exposure time, assuming the property was reasonably priced and actively marketed.



## MARKETING TIME

Given lack of demand and softness in the market, it is our opinion that a marketing time of 12 to 18 months is considered reasonable for the subject property.

According to the PwC Real Estate Investor Survey, fourth quarter 2023, the quoted marketing time for office properties on a regional basis (Los Angeles Office Market) ranged from 3 to 15 months, and averaged 8 months.

## SCOPE OF THE APPRAISAL

The scope of an appraisal assignment is relative to the intended use of the appraisal. The following outlines the extent of property inspection, market data collection, verification and analysis performed for this assignment.

### Inspection

Peter Meyers, MAI, MRICS, has not made a personal inspection of the property that is the subject of this report. Simon Kim, MAI, has made a personal inspection of the property that is the subject of this report. This inspection included the exterior of the subject (drive-by type). The inspection was visual in nature, to assess the economic condition of the property, in order to effectively compare it to other properties in the market. Note that the subject interior photos presented in this report have been sourced from the previous appraisal we completed in July 2021. We are not engineers, and we did not assess the property from the standpoint of its structural integrity, or to determine whether any latent defects (water leaks, plumbing or electrical problems, etc.) were present.

## Subject's Physical and Economic Characteristics

The types of information obtained and the sources providing such information are detailed in the following table.

Information Sources			
Information Type	Received?	Source	Notes
Total Gross Building Area	Yes	Representative of Owner	BOMA
Legal Description	Yes	Representative of Owner	Public records
Zoning Information	Yes	City	
Flood Map	Yes	FEMA	
Tax Information	Yes	County	
Appraisal Engagement Contract		Client	

## Type of Analysis Applied

The Sales Comparison and the Income Capitalization Approaches were applied in this valuation analysis.

## Extent of Data Research

General economic data and market data were reviewed. Comparable sales were compiled from published sources including various reliable publications. Market data compiled for this report includes a variety of rent comparables and improved property sales. The data is a result of research specific to the market and pertinent to the subject. The data was verified by buyers, sellers, brokers, managers, government officials or other sources regarded as knowledgeable and reliable. A rental survey of competing properties was conducted, and we provided photographs of all the comparable sales and rentals, where available.

Information specific to the subject was provided by the client, owner, and/or representatives of the owner, and is assumed to be correct. Other information, such as zoning and tax records, was obtained from governmental sources. Specific estimates concerning market rent, expenses, vacancy, etc., reflect our judgment based on interpretation of the market data. The reasoning behind such estimates is illustrated throughout each of the approaches to value.

### IDENTIFICATION OF THE PROPERTY

The property is commonly known as: Mixed-use Creative Office / Retail Property. The property address and tax parcel numbers as identified by the Los Angeles County Tax Assessor's Office are as follows:

Address	City	County	State	Zip	Parcel ID/Tax ID
737 S. Broadway	Los Angeles	Los Angeles	CA	90014	5144-014-030

Legal Descriptions: Lot 4 and Block 25 of Huber Tract, Map M R 2-280, City of Los Angeles, County of Los Angeles.

The legal description of the property is assumed to be correct. We have not commissioned a survey, nor have we had one verified by legal counsel. Therefore, we suggest a title company, legal counsel, or other qualified expert verify this legal description before it is used for any purpose.

### CURRENT USE OF THE SUBJECT

As of the date of the value opinion(s), the subject was being used as follows. For the purposes of this report, the subject is valued as follows.

Current Use	Appraised Use
Mixed-use office and retail	Mixed-use office and retail

### HISTORY OF THE SUBJECT

According to CoStar, the subject is currently listed for sale by Kidder Mathews for an undisclosed price.

We are not aware of any other listings, real property transactions, or ownership transfers pertaining to the subject in the three years prior to the date of the value opinion, other than that which is reported here.

## AREA MAP



## INTRODUCTION

To evaluate the factors that influence a property's income potential over the projection term, we analyze economic indicators at the macro or citywide level and work down to the more specific micro or subject property level. The subject property is located in the City of Los Angeles, within Los Angeles County and the State of CA. Reference is made to the area map identifying the location of the subject property above. The following analysis includes an overview of the region, as well as historical and projected trends of income, population and employment for the subject's area.

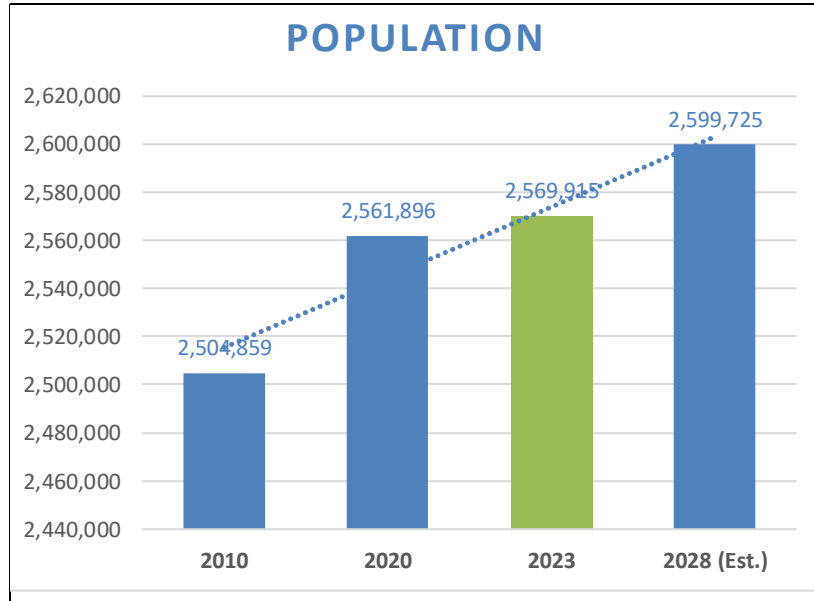
## LOCATION

The subject is located in the Los Angeles CCD, CA. Our regional, demographic, and economic analyses are based on data extracted from Site To Do Business/ESRI, U.S. Bureau of Labor Statistics, and the U.S. Census Bureau. This data has been extrapolated from various databases and are the most current available.

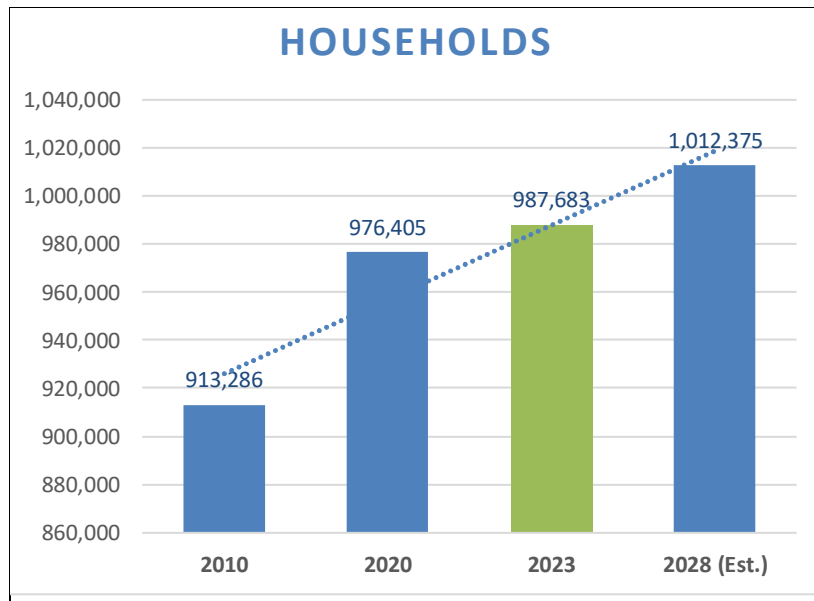
The combined databases include various economic and demographic variables for the subject's respective area. The Site To Do Business/ESRI database includes population estimates, households, household income, home value, employment by industry and related data. This data is based on 2023 populations with projections through 2028. The U.S. Bureau of Labor Statistics provided area unemployment trends.

### POPULATION

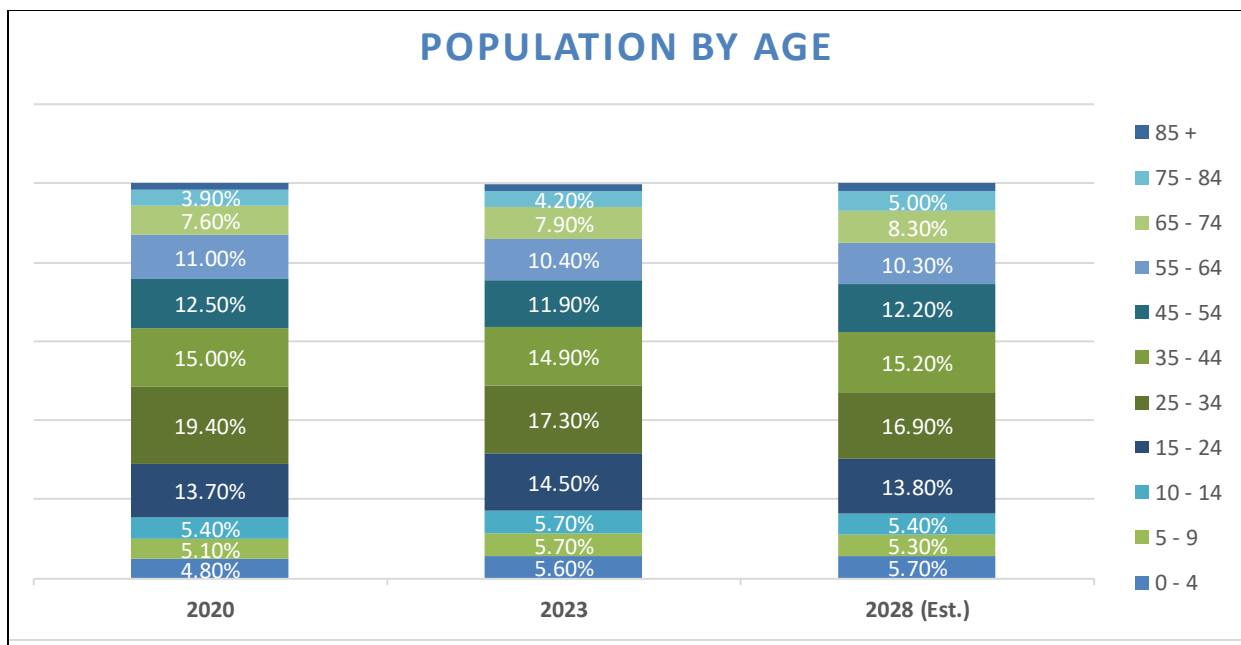
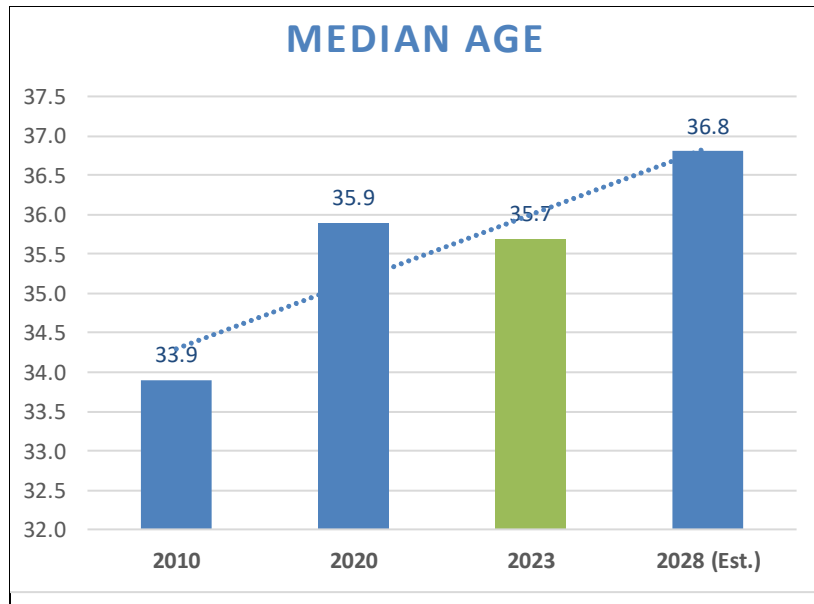
Population within the Los Angeles CCD, CA is currently indicated at 2,569,915 and is expecting an increase to 2,599,725 within five years, an increase of approximately 1.16% over the five-year period, or 0.23% per year. Comparatively, the national population is projected to increase annually by 0.30% over the same period. The current population is higher than the population indicated at the 2020 census, which was 2,561,896. Population at the previous census in 2010 was 2,504,859, indicating a long-term growth rate from 2010 to 2023 of 0.20% per year.



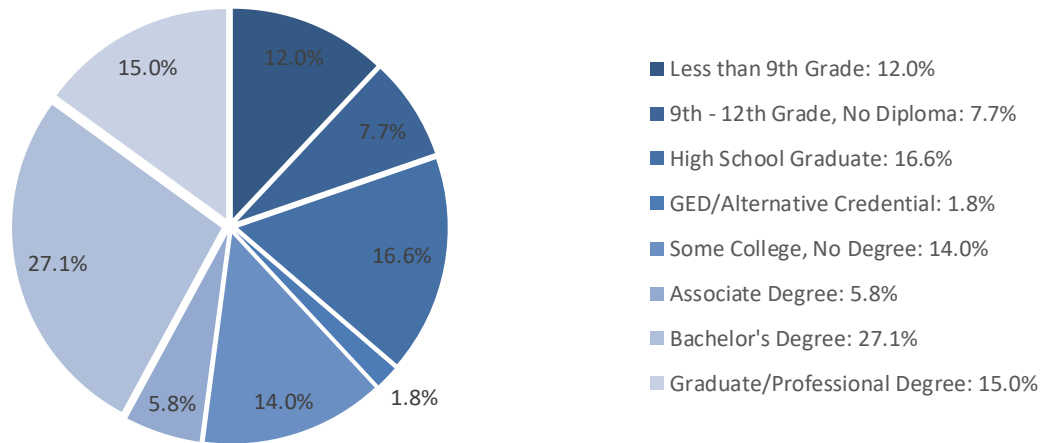
Households are expected to follow a similar trend, with total households within the Los Angeles CCD, CA increasing from 987,683 in 2023 to 1,012,375 in 2028, with a current 2.51 persons per household. The national average household size in 2023 is 2.53. There were 913,286 households in 2010 and 976,405 households in 2020, indicating a long-term growth rate of 0.63% from 2010 to 2023.



The median age in the Los Angeles CCD, CA is currently indicated at 35.7 years, up from 2010, when the median age was 33.9 years. The population is expected to increase in 2028, with the median age projected as 36.8 years. The median age nationally in 2023 is 39.1.



### POPULATION (25+) BY EDUCATION

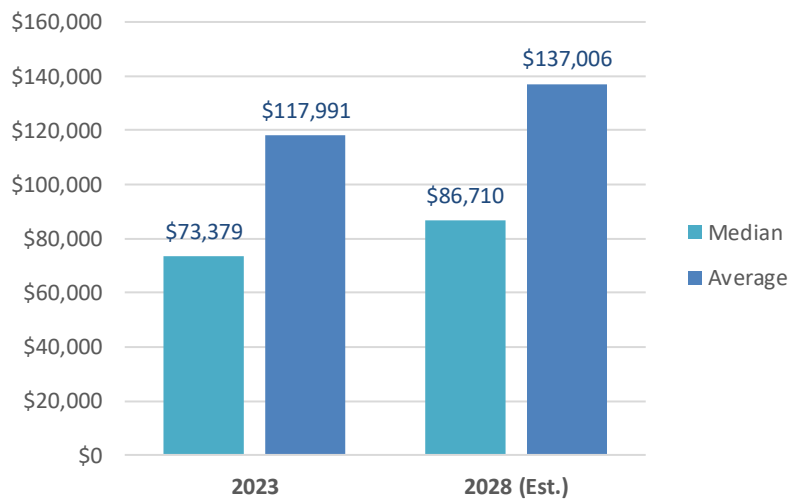


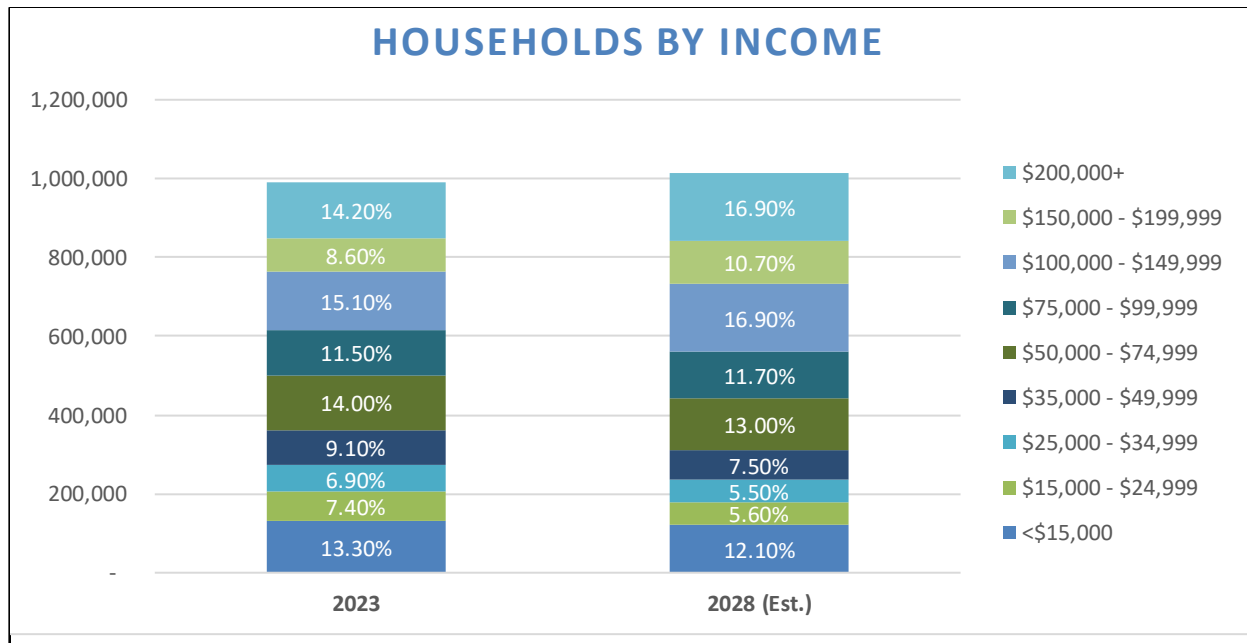
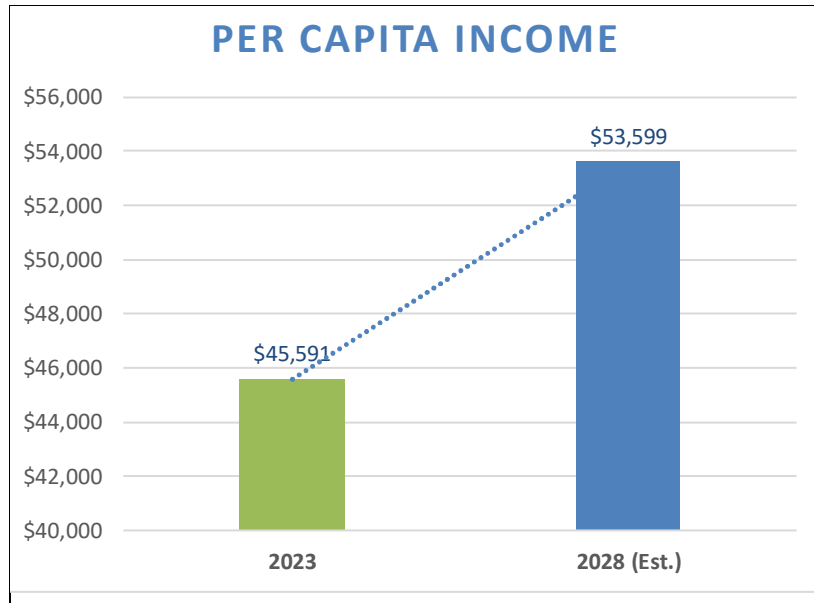
### INCOME

Site To Do Business/ESRI reports current median household income at \$73,379, which is forecasted to increase to \$86,710 by 2028, an increase of 18.17%. Similarly, per capita income is expected to increase from its current level of \$45,591 to \$53,599 by 2028, an increase of 17.56%. In 2023, the national median household income is \$72,603 and the national per capita income is \$41,310.

According to ESRI, the Los Angeles CCD, CA has a wealth index of 0, indicating less wealth when compared to the national average of 100.

### HOUSEHOLD INCOME





## HOUSING

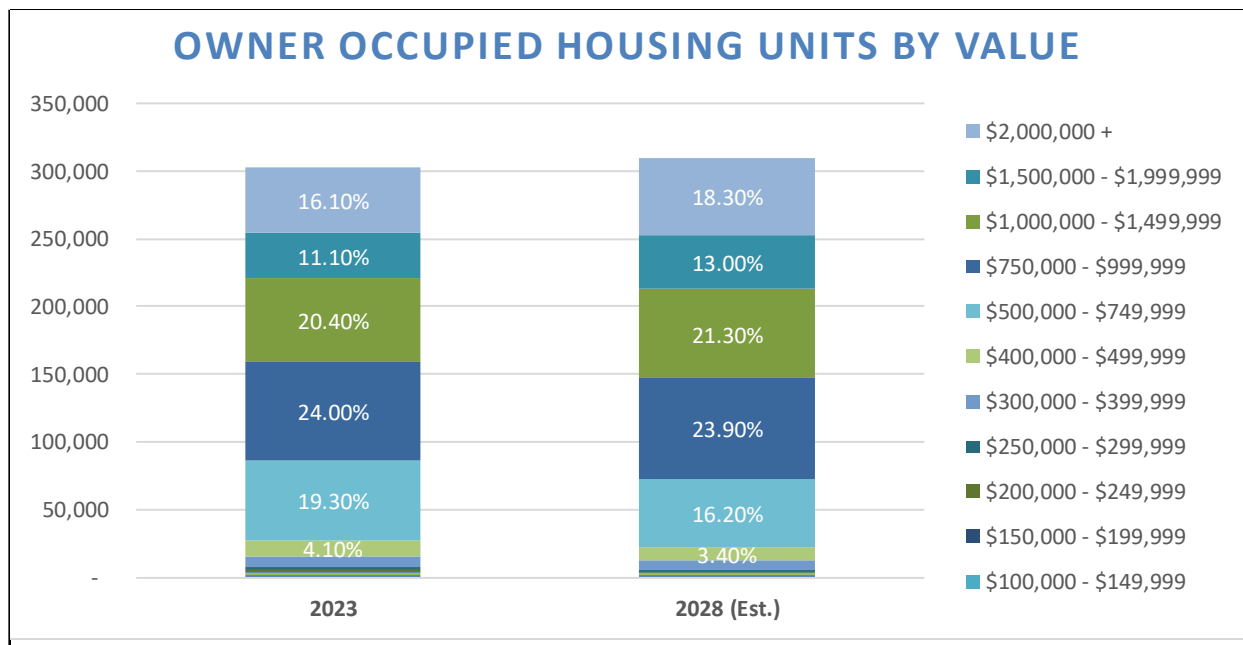
According to Site To Do Business/ESRI, there were approximately 986,590 housing units in the Los Angeles CCD, CA as of the 2010 census. That figure increased to 1,049,426 housing units as of the 2020 census. Current estimates indicate 1,070,729 housing units, an increase of 2.03% from the 2020 census. Housing units are forecasted to grow to 1,090,414 units in 2028, indicating a growth rate of 1.84% over the five-year period.

Renter-occupied units comprise the majority of the housing stock in the area. Current estimates indicate that approximately 28.3% of total housing units are owner-occupied, with 63.9% of units occupied by renters. The balance of the units, 7.8%, are vacant. In 2028, the mix is expected to shift to 28.4% owner-occupied units and 64.5% renter-occupied units. Nationally in 2023, 58.50% are owner-occupied, 31.70% are occupied by renters, and 9.80% are vacant.

The ESRI Housing Affordability Index (HAI) has a base of 100, representing an area where median income is sufficient to qualify for a loan on a home valued at the median home price and not be cost-burdened, defined as spending more than 30 percent of income on housing-related costs. The higher the index is over 100, the more affordable the housing is in the area. An index of below 100 indicates housing is less affordable and a typical resident cannot purchase a home in the area without being cost-burdened.

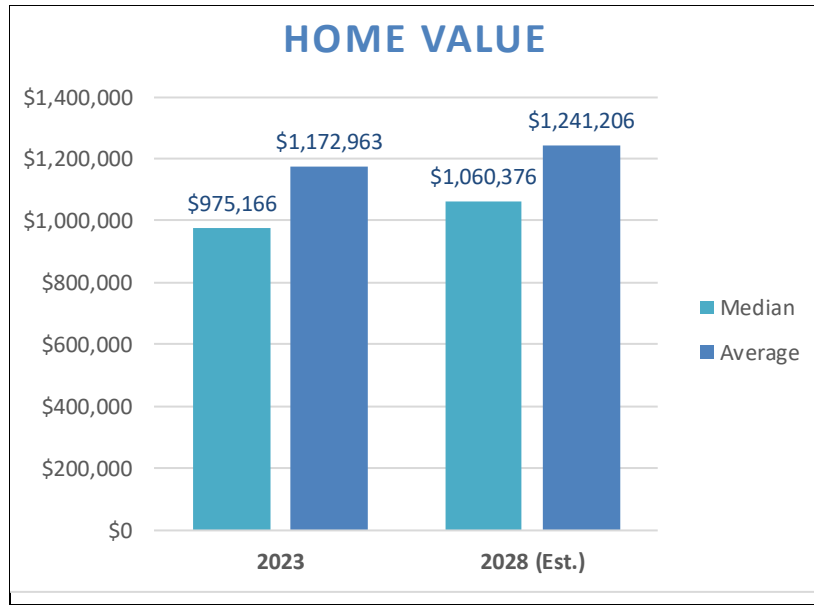
The Los Angeles CCD, CA has a Housing Affordability Index of 0, indicating that the median income is not sufficient for a typical resident to purchase a median value home in the area. The national Housing Affordability Index in 2023 is 94, indicating the Los Angeles CCD, CA is less affordable than the national average.

Assuming the national average effective mortgage rate from the Federal Housing Finance Agency (FHFA), a 30-year mortgage, and a 20% down payment, the typical resident in the Los Angeles CCD, CA spends 0.0% of their household income on mortgage payments. Nationally, the percent of income used for a mortgage is 25.60%.



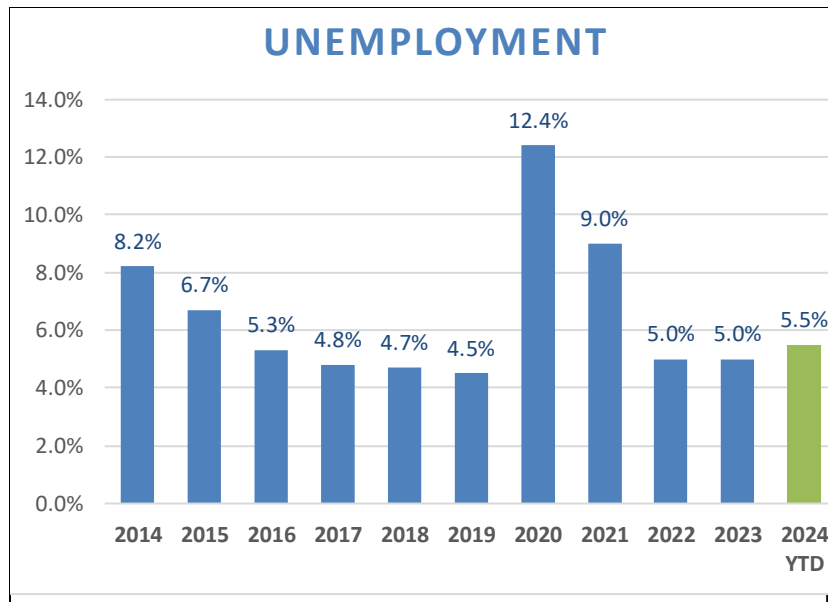
In 2023, the median home value is \$975,166. It is expected to increase to \$1,060,376 by 2028, indicating an annual home appreciation rate of 1.75%. The median home value nationally in 2023 is \$308,943.



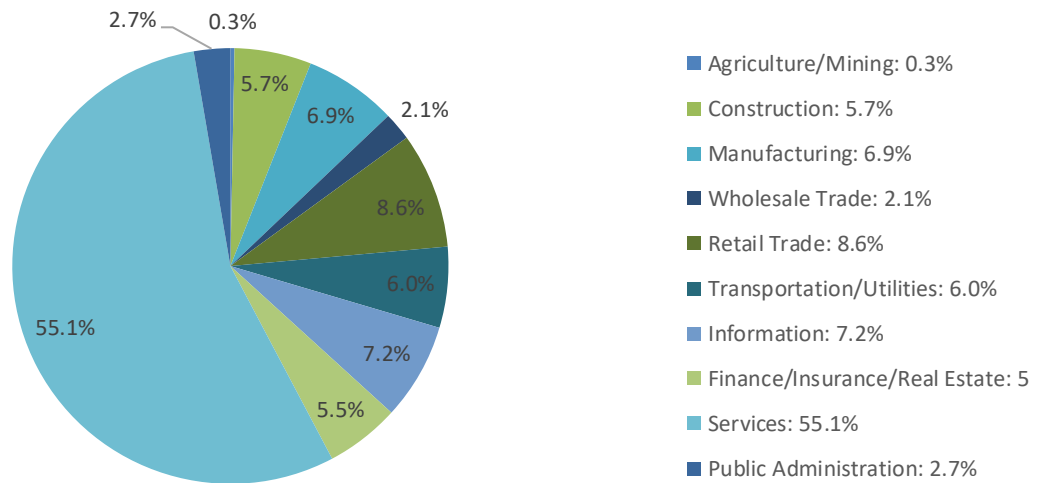


### EMPLOYMENT

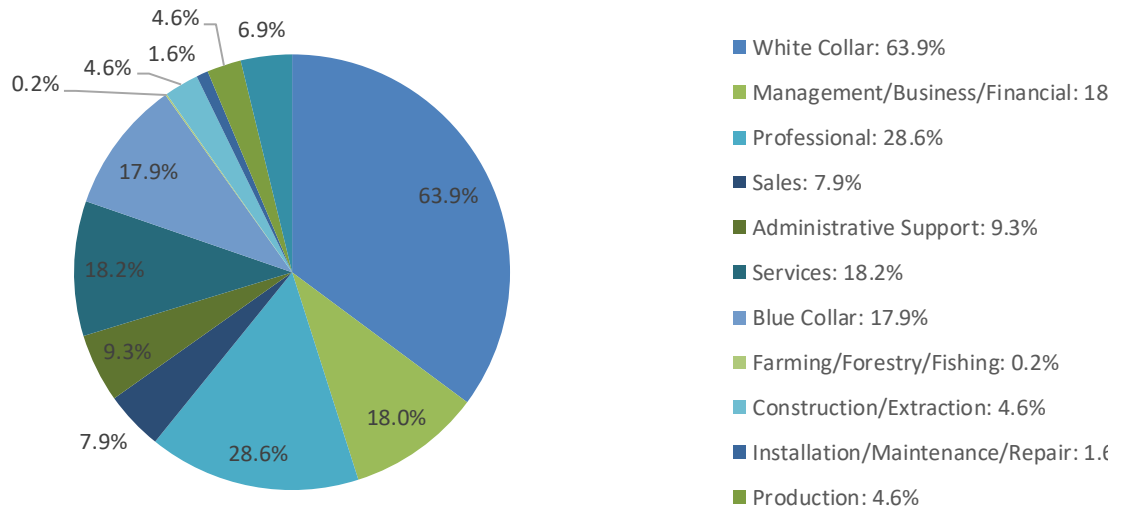
The Los Angeles CCD, CA currently employs 1,537,030 workers according to Site To Do Business/ESRI. The U.S. Bureau of Labor Statistics currently reports unemployment at 5.0%, as of February 2024, which is lower than the long-term average of 6.5% since January 2014. Unemployment peaked in May 2020 at 18.9%. Year to date, unemployment has averaged 5.5%, up from last year's 5.0% average.

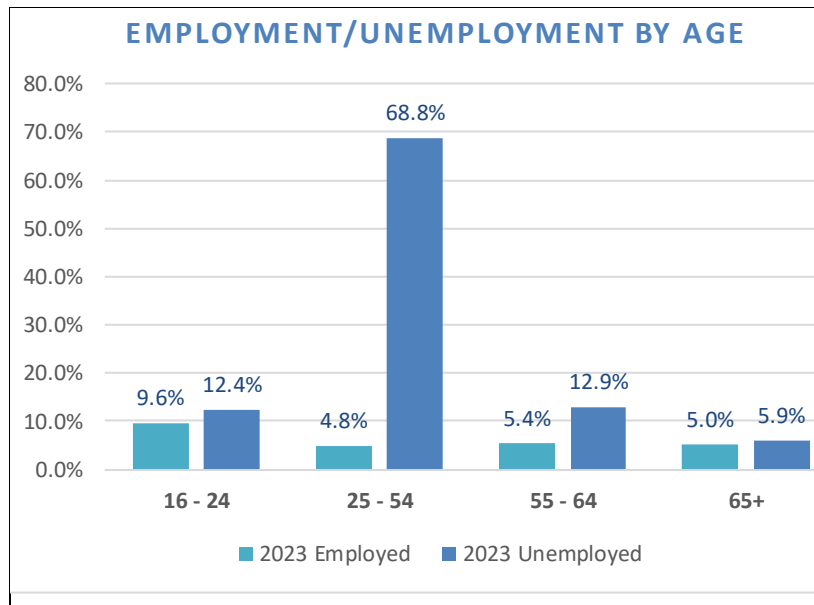


### EMPLOYED POPULATION (16+) BY INDUSTRY



### EMPLOYED POPULATION (16+) BY OCCUPATION





### CONCLUSION

The Los Angeles CCD, CA will tap the breaks in the year ahead. Labor supply constraints and land shortages will ensure elevated incomes and real estate prices. High and rising costs will drive out-migration, population growth will lag that in other western metro areas, and job gains will barely keep pace with national average.

### NEIGHBORHOOD MAP



### INTRODUCTION

A property is an integral part of its surroundings and must not be treated as an entity separate and apart from its surroundings. The value of a property is not found exclusively in its physical characteristics; physical, economic, political and sociological forces in the area interact to give value to a property. In order to determine the degree of influence extended by these forces on a property, their past and probable future trends are analyzed. Therefore, in order to form an opinion of the value of a property, an analysis is made of the area in which the property under study is found. This area is referred to as a neighborhood.

A neighborhood can be a portion of a city, a community or an entire town. It is usually an area which exhibits a fairly high degree of homogeneity as to use, tenancy and certain other characteristics. Homogeneity is a state of uniform structure or composition throughout. Therefore, in real estate terminology, a homogeneous neighborhood is one in which the property types and uses are similar. A neighborhood is more or less a unified area with somewhat definite boundaries. As a neighborhood's boundaries serve to limit the physical area that exerts germane influences on a property's value, the boundaries may indeed run concurrent with variations in prevailing land uses or physical characteristics.

### LOCATION

The subject is located on the northwest side of S. Broadway between 7th Street and 8th Street in the City of Los Angeles, County of Los Angeles. The subject is part of the Historic Core area of Downtown Los Angeles. The subject's segment of Broadway is improved with a mix of office, retail, mixed-use and residential properties.

### ACCESSIBILITY

The subject's primary frontage is along S. Broadway. The subject's site has access from S. Broadway and the rear alley.

## DOWNTOWN LOS ANGELES

Downtown Los Angeles (DTLA) contains the central business district of Los Angeles. In addition, it contains a diverse residential area of some 85,000 people, and covers 5.84 sq mi. A 2013 study found that the district is home to over 500,000 jobs. It is also part of Central Los Angeles.

Downtown Los Angeles is divided into neighborhoods and districts, some overlapping. Most districts are named for the activities concentrated there now or historically, e.g. the Arts, Civic Center, Fashion, Banking, Theater, Toy, and Jewelry districts. It is the hub for the city's urban rail transit system plus the Pacific Surfliner and Metrolink commuter rail system for Southern California.

Banks, department stores, and movie palaces at one time drew residents and visitors of all socioeconomic classes downtown, but the area declined economically, especially after the 1950s. It remained an important center—in the Civic Center, of government business; on Bunker Hill, of banking, and along Broadway, of retail and entertainment for Hispanic Angelenos, especially immigrants. Now Downtown has been experiencing a renaissance that started in the early 2000s. The Crypto.com Arena anchors downtown's south end, and along Broadway, pre-war buildings are being restored for new uses, such as luxury condos, co-working spaces, and high-end retail. (source: Wikipedia)

### Historic Core



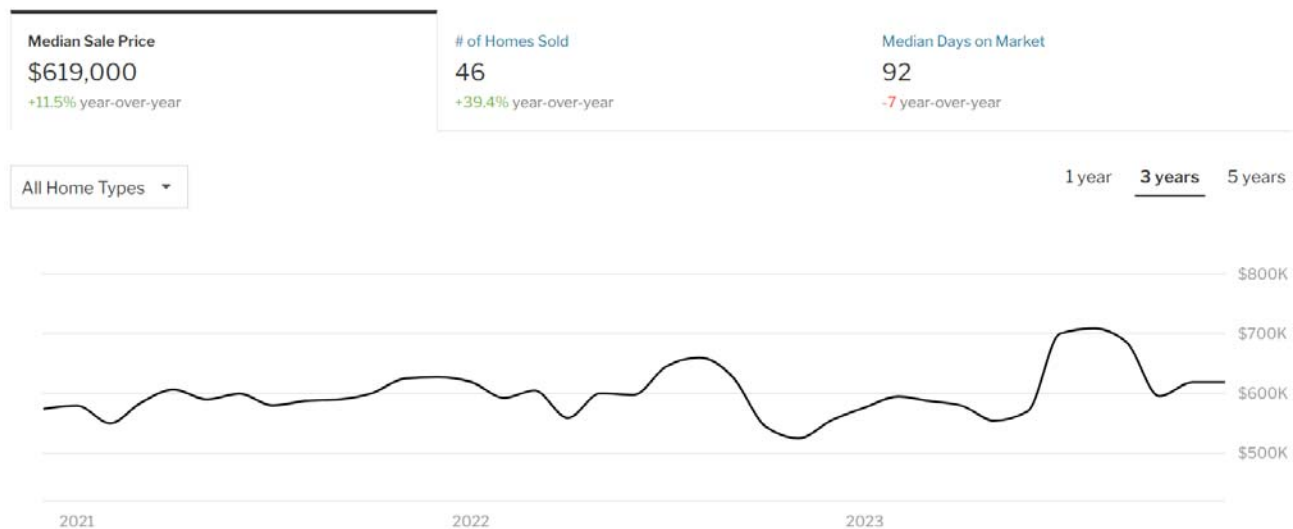
The subject is part of Downtown LA's Historic Core area. The Historic Core is a district within Downtown Los Angeles includes the world's largest concentration of movie palaces, former large department stores, and office towers, all built chiefly between 1907 and 1931. Within it lie the Broadway Theater District and the Spring Street historic financial district, and in its west it overlaps with the Jewelry District and in its east with Skid Row.

The Historic Core falls into two business improvement districts, Historic Core (south of 4th St.) and Downtown LA (from 2nd to 4th Street). The total Historic Core is thus composed of:

- Los Angeles Street from 2nd to 6th streets,
- Spring Street and Main Street from 2nd to 7th streets,
- Broadway from 2nd to 9th streets,
- Hill Street from 2nd to 10th streets

#### Median Home Value (Redfin)

In December 2023, Downtown Los Angeles home prices were up 11.5% compared to last year, selling for a median price of \$619K. On average, homes in Downtown Los Angeles sell after 92 days on the market compared to 98 days last year. There were 46 homes sold in December this year, up from 33 last year.



### DEMOGRAPHICS

The Site To Do Business is a service that provides demographic data, including historical, current and forecasted population estimates for a specified region. Patterns of development, density and migration are reflected in the population estimates. A survey of the subject area's population and growth rate is summarized in the following charts, followed by a map of the surveyed area.

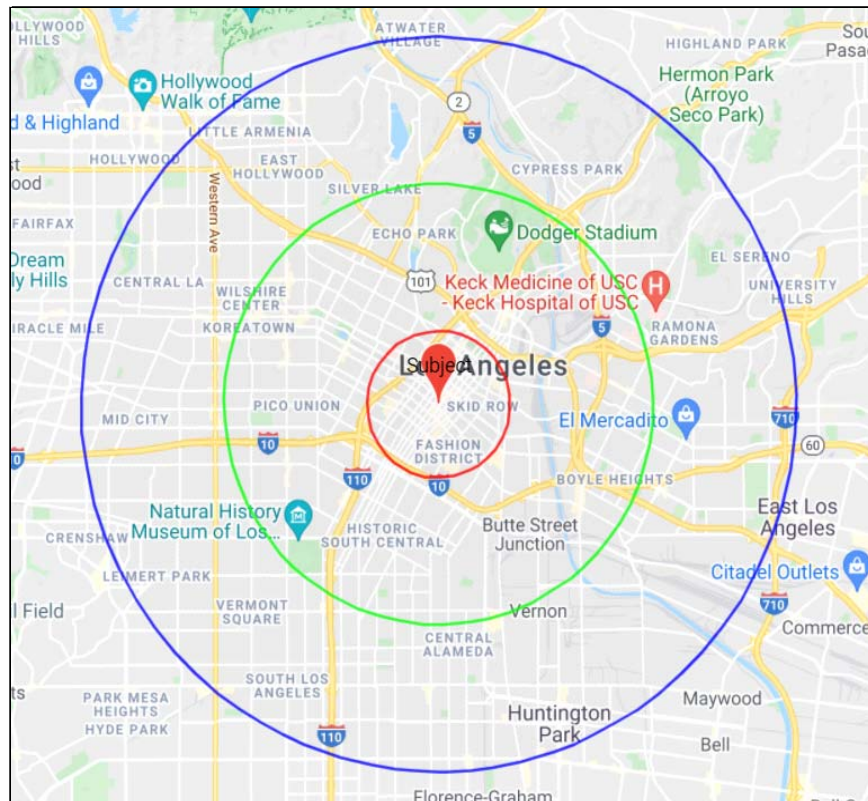
Demographics						
	2023			2028		
Summary	1 mile	3 mile	5 mile	1 mile	3 mile	5 mile
Population	72,903	516,342	1,217,634	78,494	539,754	#####
Households	39,535	189,619	424,105	43,122	202,894	440,973
Families	9,490	102,387	260,512	10,490	108,275	268,771
Average Household Size	1.59	2.53	2.76	1.59	2.48	2.71
Owner Occupied Housing Units	4,384	22,864	89,201	4,627	23,788	91,810
Renter Occupied Housing Units	35,151	166,755	334,904	38,495	179,105	349,164
Median Age	38.9	33.3	33.6	39.3	34.5	35.1
Population by Age	1 mile	3 mile	5 mile	1 mile	3 mile	5 mile
0 - 4	3.3%	6.0%	6.4%	3.5%	6.1%	6.4%
5 - 9	2.8%	5.9%	6.5%	2.7%	5.4%	5.9%
10 - 14	2.5%	5.6%	6.3%	2.5%	5.4%	6.0%
15 - 19	3.4%	6.9%	6.8%	3.1%	6.4%	6.3%
20 - 24	7.5%	9.8%	8.6%	7.1%	9.4%	8.0%
25 - 34	23.3%	18.9%	17.9%	23.2%	18.4%	17.3%
35 - 44	16.8%	15.1%	14.9%	17.1%	15.4%	15.3%
45 - 54	12.6%	11.5%	11.7%	12.8%	12.0%	12.2%
55 - 64	10.9%	8.9%	9.5%	10.3%	9.1%	9.6%
65 - 74	8.5%	6.4%	6.8%	8.6%	6.8%	7.3%
75 - 84	5.9%	3.5%	3.4%	6.6%	4.1%	4.2%
85+	2.6%	1.5%	1.3%	2.7%	1.6%	1.6%
Households by Income	1 mile	3 mile	5 mile	1 mile	3 mile	5 mile
<\$15,000	27.20%	20.00%	16.30%	24.50%	18.50%	15.00%
\$15,000 - \$24,999	7.30%	10.00%	9.30%	5.30%	7.70%	7.20%
\$25,000 - \$34,999	5.20%	9.10%	9.00%	4.00%	7.40%	7.40%
\$35,000 - \$49,999	6.20%	10.80%	11.30%	4.80%	9.10%	9.70%
\$50,000 - \$74,999	9.40%	15.10%	15.80%	8.60%	14.60%	15.00%
\$75,000 - \$99,999	8.20%	11.00%	11.50%	8.40%	12.00%	12.20%
\$100,000 - \$149,999	14.10%	12.00%	13.20%	15.90%	14.60%	15.70%
\$150,000 - \$199,999	10.60%	6.10%	6.60%	13.60%	8.20%	8.80%
\$200,000+	11.80%	5.80%	6.90%	15.00%	7.80%	9.00%
Median Household Income	\$58,906	\$50,057	\$54,781	\$82,102	\$60,256	\$65,870
Average Household Income	\$100,970	\$77,475	\$84,645	\$122,780	\$93,700	\$100,805
Per Capita Income	\$56,676	\$28,988	\$29,710	\$69,501	\$35,735	\$36,007

Source: Site To Do Business



Trends: 2023 - 2028 Annual Rate			
1 mile Radius	Area	State	National
Population	1.49%	0.13%	0.30%
Households	1.75%	0.25%	0.49%
Families	2.02%	0.24%	0.44%
Owner HHs	1.08%	0.40%	0.66%
Median Household Income	6.87%	2.95%	2.57%
3 mile Radius	Area	State	National
Population	0.89%	0.13%	0.30%
Households	1.36%	0.25%	0.49%
Families	1.12%	0.24%	0.44%
Owner HHs	0.80%	0.40%	0.66%
Median Household Income	3.78%	2.95%	2.57%
5 mile Radius	Area	State	National
Population	0.40%	0.13%	0.30%
Households	0.78%	0.25%	0.49%
Families	0.63%	0.24%	0.44%
Owner HHs	0.58%	0.40%	0.66%
Median Household Income	3.76%	2.95%	2.57%

Source: Site To Do Business





### LIFE CYCLE

A neighborhood's life cycle usually consists of four stages:

- Growth - a period during which the neighborhood gains public favor and acceptance
- Stability - a period of equilibrium without marked gains or losses
- Decline - a period of diminishing demand
- Revitalization - a period of renewal, redevelopment, modernization, and increasing demand

*Source: The Appraisal of Real Estate, 15th Edition*

From a general examination, it appears that the neighborhood is in a stability phase.

### NEIGHBORHOOD ANALYSIS CONCLUSION

In conclusion, the neighborhood appeared to be well suited to support the existing improvements. The neighborhood has good accessibility and supporting infrastructures.

The neighborhood has features and qualities that contribute to a positive demand for real estate. All utilities are available throughout the neighborhood and the improvements in the area are generally in average condition. Land use pattern is generally homogeneous in the immediate neighborhood with a mix of retail, office and multi-family developments. The streets and other public areas are also in average condition. The neighborhood has all the features necessary to maintain a demand for real estate, in the long term. The subject property benefits from the features of the neighborhood.

### LOS ANGELES OFFICE MARKET

According to the *PwC Real Estate Investor Survey*, 4th Quarter 2023 (based on data collected in 3rd Quarter 2023):

As much of this market contends with slower leasing trends and oversupply issues, investors are focused on stability at their existing assets, as well as in potential new acquisitions. "We are looking for stability. No need to take risk now," shares an investor. "We are working on stabilizing our existing portfolio," says another, who is lining up opportunistic capital to pursue distressed offerings.

- While both the low and high end of the overall cap rate range hold this quarter, the average moves up 45 basis points to 7.97%, representing the seventh consecutive quarterly increase. Most investors feel cap rates will be steady over the next six months.
- For the second consecutive quarter, this office market's average forecast value change expectation stays at -6.5%--the lowest average since 2009 during the Great Recession. A year ago, the average stood at -3.1%. Five years ago it was 2.1%.
- While surveyed investors are divided between thinking now is the best time to either buy or hold assets in this office market, most of them feel that offerings are overpriced and that buyers need to be selective when analyzing potential acquisitions.

#### FORECAST VALUE CHANGE [NEXT 12 MONTHS]:

Range: (20.0%) – 0.0%

Average: (6.5%)

Key Survey Stats Los Angeles Office Market Fourth Quarter 2023		
	Current Quarter	Last Quarter
Tenant Retention Rate	50.0%-75.0%	50.0%-75.0%
Average	61.5%	61.5%
Months of Free Rent (10-yr lease)	5-20	5-20
Average	11	11
% of participants using	100.0%	100.0%
Average Overall Cap Rates	7.97%	7.52%
CBD	7.88%	7.42%
Suburbs	8.06%	7.63%

Source: PwC Real Estate Investor Survey, 4th Quarter 2023

National Market Yield Rates for Real Estate Investments			
Los Angeles Office Market			
Fourth Quarter 2023			
	Current Quarter	Last Quarter	Year Ago
Discount Rate (IRR)	7.50%-13.00%	7.50%-12.00%	6.00%-11.00%
Average	9.35%	9.27%	8.78%
Overall Cap Rate (OAR)	6.00%-10.00%	6.00%-10.00%	5.00%-9.00%
Average	7.97%	7.52%	6.90%
Residual Cap Rate	6.00%-10.00%	6.00%-10.00%	5.50%-8.25%
Average	8.03%	7.64%	6.95%
Market Rent Change Rate	(9.00%)-3.00%	(9.00%)-3.00%	(3.00%)-7.00%
Average	(0.10%)	(0.30%)	1.45%
Expense Change Rate	2.00%-6.00%	2.00%-6.00%	2.00%-7.00%
Average	3.30%	3.70%	4.20%
Marketing Time Range	3-15 months	3-15 months	3-15 months
Average	8.0	8.0	6.8

Source: PwC Real Estate Investor Survey, 4th Quarter 2023

## LOS ANGELES OFFICE MARKET - COSTAR

### Overview

#### Los Angeles Office

12 Mo Deliveries in SF

**2.1M**

12 Mo Net Absorption in SF

**(5.5M)**

Vacancy Rate

**15.9%**

12 Mo Asking Rent Growth

**-0.2%**

### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	176,607,373	22.8%	\$3.91	25.8%	(873,426)	469,719	2,555,161
3 Star	161,999,943	13.1%	\$3.31	15.9%	(213,712)	6,160	519,107
1 & 2 Star	102,589,613	8.3%	\$2.96	9.4%	(378,588)	0	0
<b>Market</b>	<b>441,196,929</b>	<b>15.9%</b>	<b>\$3.47</b>	<b>18.4%</b>	<b>(1,465,726)</b>	<b>475,879</b>	<b>3,074,268</b>

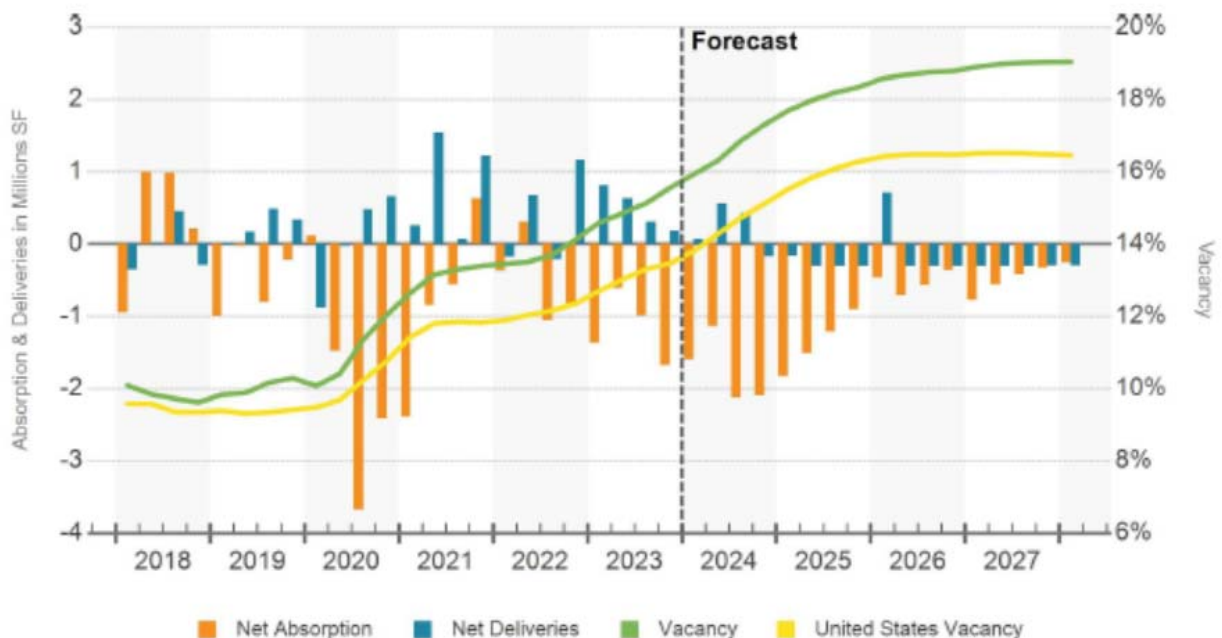
  

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.5%	10.8%	18.3%	15.9%	2024 Q1	6.7%	2007 Q3
Net Absorption SF	(5.5M)	682,117	(3,792,282)	13,260,351	2000 Q1	(9,965,827)	2021 Q1
Deliveries SF	2.1M	2,474,538	803,591	5,039,821	2002 Q3	627,093	1997 Q1
Asking Rent Growth	-0.2%	3.0%	-0.4%	14.8%	2007 Q3	-11.2%	2009 Q3
Sales Volume	\$3.7B	\$5B	N/A	\$11.5B	2017 Q3	\$771.6M	2009 Q4

### Vacancy

Downtown Los Angeles' office vacancy rate in the first quarter, 19.9%, is at record levels and above the Los Angeles office market average of 15.9%. The past 12 months saw -1.1 million SF of negative net absorption. The upward drift started in late 2016, running counter to the overall L.A. office market, which saw vacancies hold near cyclical lows from 2017 through early 2020. The downdrift in tenant demand across the L.A. office market further weakened an already softer office location in the metro.

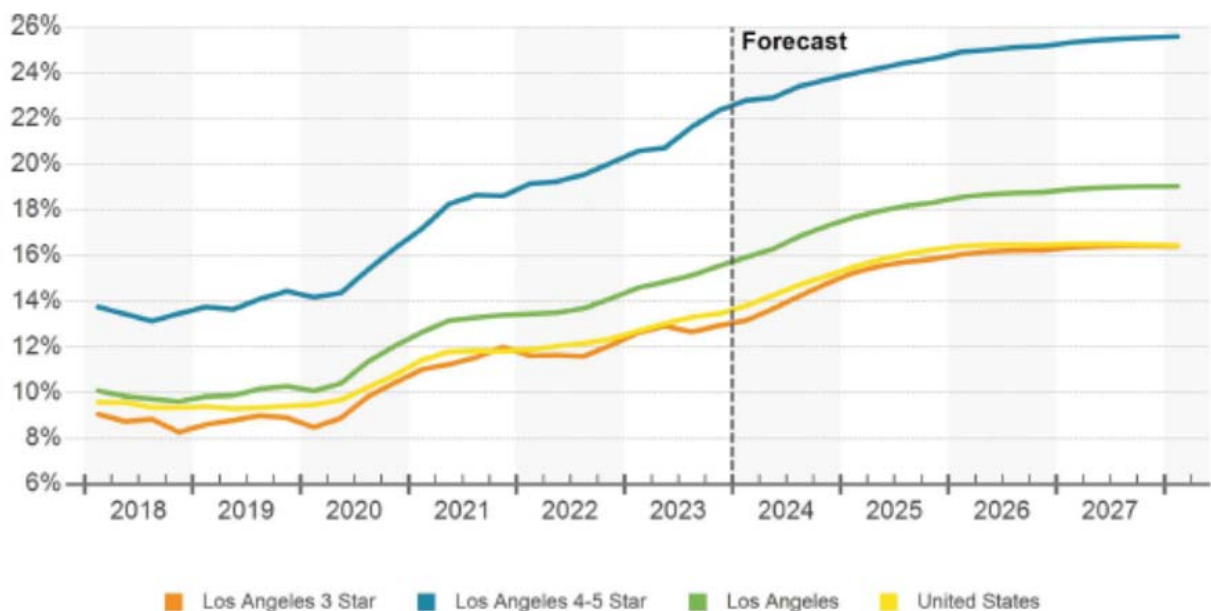
### NET ABSORPTION, NET DELIVERIES & VACANCY



Available sublease space in the submarket, 2.2%, is below the L.A. metro average of 2.6%, but levels are almost double what they were at the beginning of 2020. Looking at notable spaces recently posted on CoStar, health insurance agency L.A. Care Health Plan posted its 143,800-SF space at 1200 W 7th St on the sublease market in August. L.A. Care is asking \$2.40/SF on a full service gross basis and is open to providing tenant improvement monies. This past summer, Wedbush Securities, a wealth management, brokerage, and advisory firm, posted its 100,000-SF headquarters space at 1000 Wilshire Blvd. on the sublease market. Wedbush's lease on the space runs through December 2025. The asking rate for the space is negotiable.

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#### VACANCY RATE



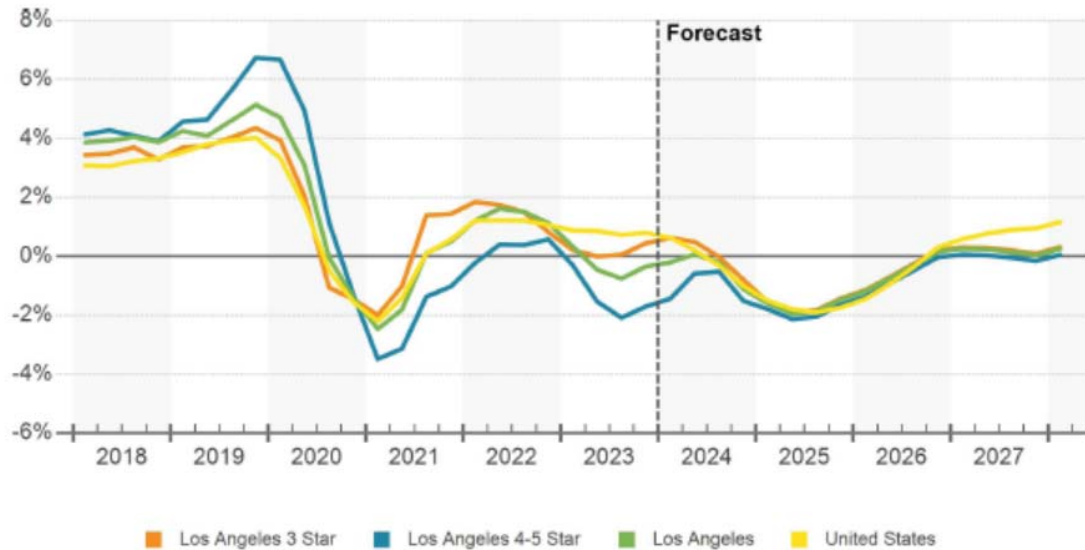
Law firms are a crucial tenancy in the submarket. Looking at recent law firm activity, in September, Akerman leased 13,300 SF in U.S. Bank Tower. Akerman is moving from its similar-sized, 12,700 SF in the CalEdison Building next door. Law firm Sidley Austin leased 57,400 SF at Two California Plaza in June. While it is promising that Sidley Austin committed to another space downtown, it downsized from 136,000 SF at Gas Company Tower, another major tower in Downtown Los Angeles.

Looking ahead, vacancy in the submarket will likely remain elevated. The road to recovery for Downtown Los Angeles' office market is uncertain. Questions remain about how office tenants will utilize offices in the long term. The submarket has also had to contend with a distressing homeless situation and negative perceptions around crime, making the area less appealing to tenants, some of whom have migrated out of the area during the past few years.

## Rent

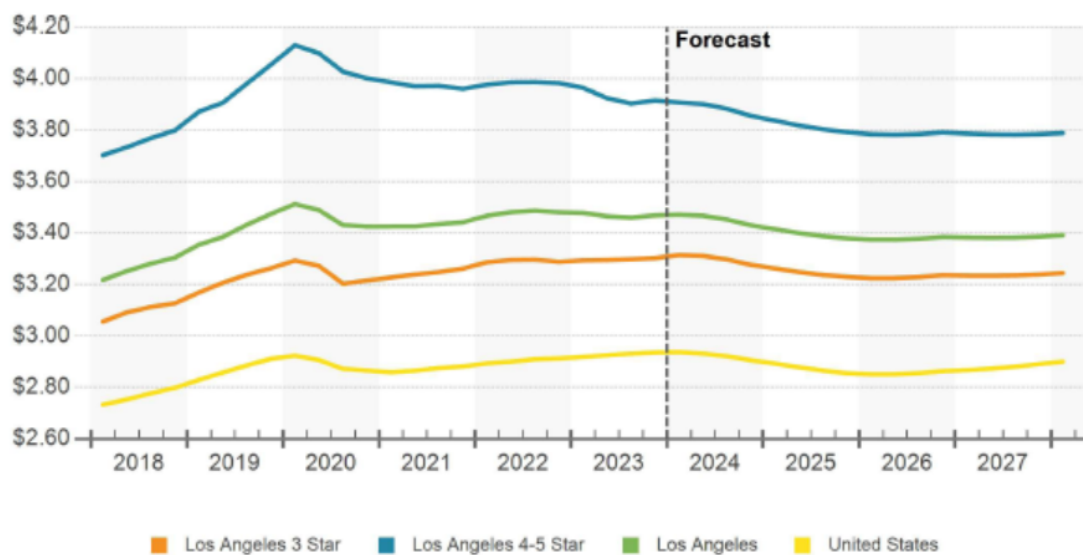
Average asking rents have declined during the past year, with losses of -1.4% during the past 12 months. Average asking rents, \$38.00/SF, are down from a recent peak of \$40.00/SF in early 2020.

MARKET ASKING RENT GROWTH (YOY)



Considering the market's weakness, one may have thought landlords would have reduced asking rates further during this time. However, rents can only go so low before executing leases fail to make financial sense. In addition to tenants holding greater leverage in negotiations to ask for higher tenant improvement allowances, the higher inflation witnessed during the past two years has significantly increased tenant build-out costs. According to local market experts, even 10-year leases may have to provide concession packages worth five to six years of the total rent collected during the lease to secure tenants. This dynamic has kept some spaces vacant as either landlords or lenders see some leases as dilutive to asset values.

MARKET ASKING RENT PER SQUARE FEET





A prominent example of lenders rejecting leases likely based on economic terms involved the City of Los Angeles Housing Department. The department was in talks for 300,000 SF at Gas Company Tower in the submarket, a distressed building that went into receivership in April 2023. In October, news surfaced that the building's CMBS bondholders rejected a 300,000-SF lease by the City of Los Angeles for its Housing Department. Considering the building has an availability rate of 25%, it's hard to envision another reason besides rent economics for the refusal of the lease.

Historically, the submarket saw rent growth on par with metro averages. From 2011, when rents last bottomed, to early 2020, when rents last peaked, Downtown Los Angeles saw cumulative rent growth of around 50%.

The submarket is historically considered a value option compared to Westside submarkets such as Santa Monica and Century City. However, some industrial conversions, particularly in the Arts District, have rental rates well above the submarket average. The decision to lease in the Arts District is less of a value proposition.

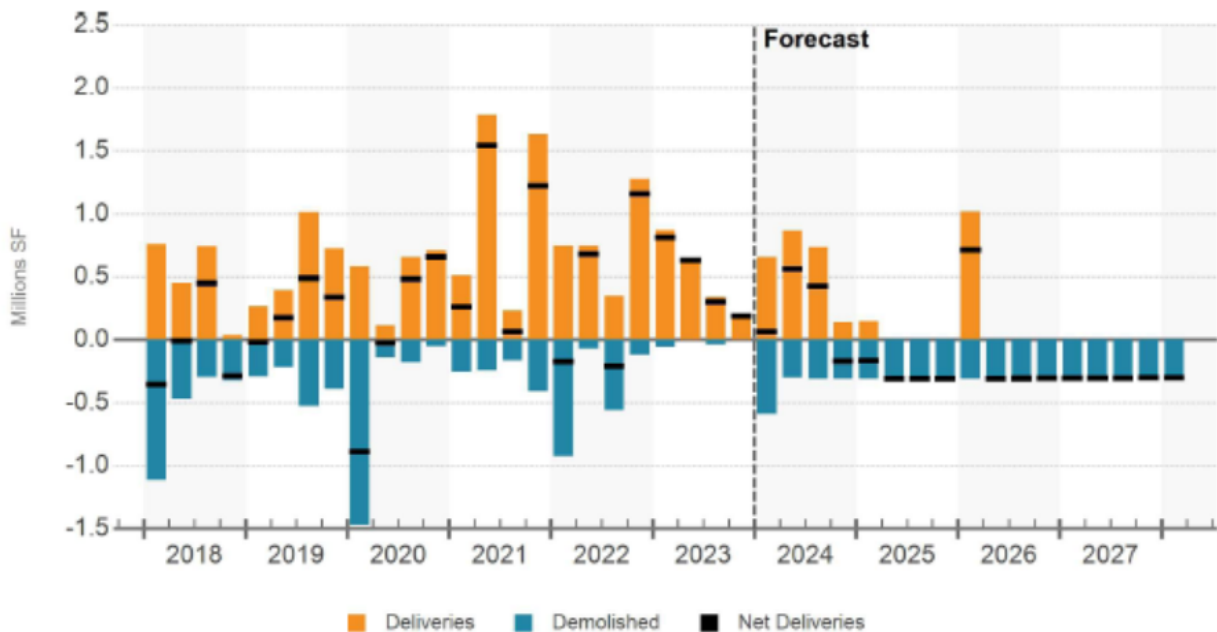
Given the current weak leasing environment, landlords have little leverage over tenants to push rents. Concessions for leases executed are also likely to remain high. With vacancy expected to continue to climb, the outlook calls for rents to decline further for at least the near to midterm.

### Construction

Looking at recent major completions, In Chinatown, Redcar Properties, well known in Los Angeles for its creative office projects, completed work in 23Q3 on 843 N Spring St, a five-story, 122,000-SF building. 100% of the space in the project is available.

In 2022, L.A. developer Lowe Enterprises delivered 2130 Violet St. in 22Q3. The 112,500-SF project in the Arts District remains 100% available. In 22Q1, 7Main delivered. The 138,000-SF project involved converting the former Dearden's furniture store at Seventh and Main Street into office space and ground-floor retail. All of the office space, 102,000 SF, remains vacant.

### DELIVERIES & DEMOLITIONS



The construction pipeline has 140,000 SF of new office space underway. Carmel Partners' mixed-use development at 530 Mateo St. in the Arts District will have 137,300 SF of office space and almost 500 live/work units. The 35-story project will deliver in the latter half of 2024.

### Under Construction Properties

Los Angeles Office			
Properties	Square Feet	Percent of Inventory	Preleased
<b>33</b>	<b>3,074,268</b>	<b>0.7%</b>	<b>63.7%</b>

Los Angeles has also seen many office renovations in recent years. While these projects do not result in new office space for the submarket, they increase options for tenants toward the higher end of the market. Owners of these properties are seeking higher-profile tenants willing to pay higher rents than those that previously occupied the buildings.

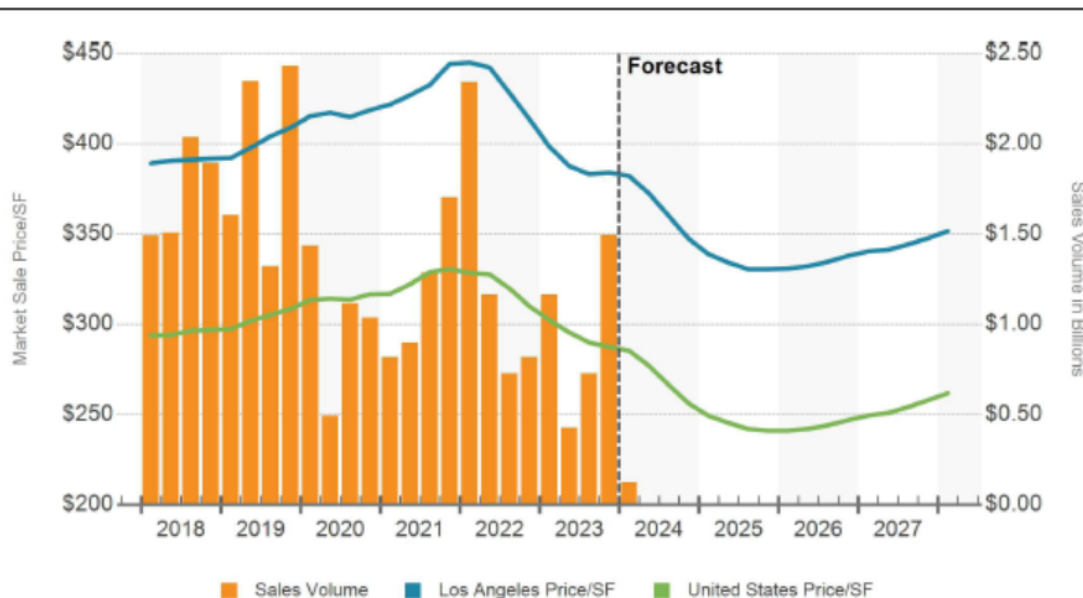
One of the most significant renovation projects in recent years was The Trust Building at 433 S Spring St., which saw renovations completed at the end of 2019. The vast majority of the 285,000-SF building had sat vacant since renovations on the property finished. The property was sold to the University of California, Los Angeles, this June, which will use the building as a satellite campus (see sales section for more information).

### Sales

Downtown Los Angeles saw \$185 million worth of office property transactions during the past 12 months, below the 10-year annual average of \$883 million. Confidence in the future of Downtown Los Angeles' office market has faltered, demonstrated by several recent sales that represent notable discounts in pricing compared to what would have been achieved before early 2020.

In late June, the University of California, Los Angeles closed on The Trust Building at 433 S. Spring St. for \$40 million (\$140/SF). The seller, JV partners Rising Realty Partners and Lionstone Investments, acquired the 285,000-SF property in June 2016 for \$80.4 million (\$280/SF). Rising Realty spent \$40 million on renovating the 1920s Art Deco building.

SALES VOLUME & MARKET SALE PRICE PER SF



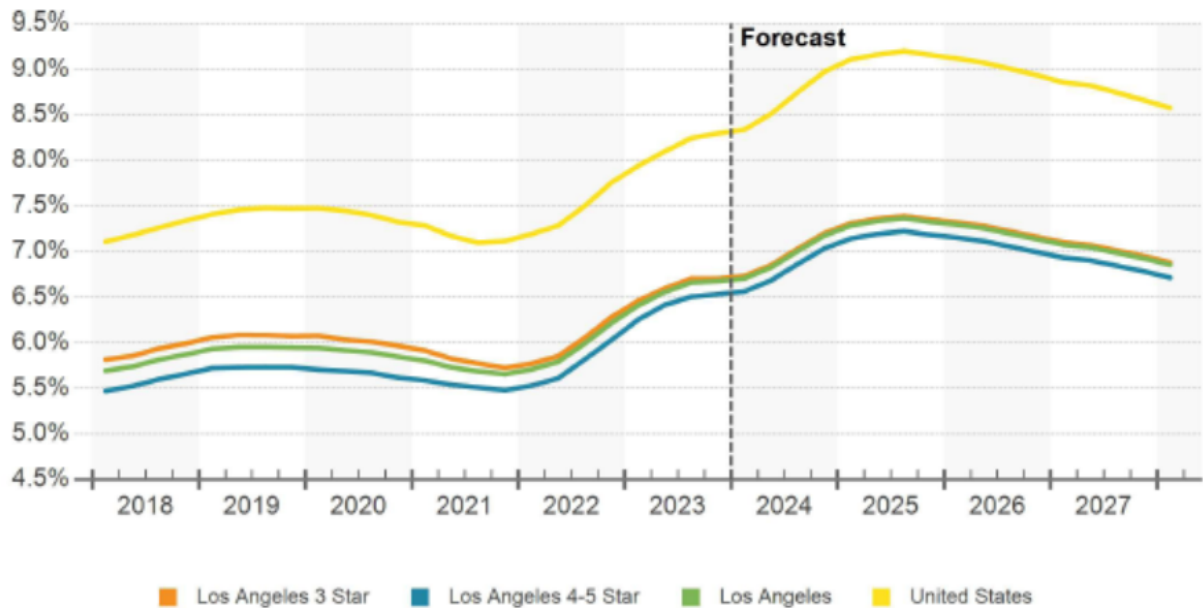


Renovations were completed in 2019. Rising and Lionstone only secured two office tenants. KTG, an architectural firm, leased 15,700 SF, and an undisclosed firm leased 4,100 SF. In 2021, Rising and Lionstone offered brokers a \$1 million bonus if a tenant were to commit to at least 100,000 SF. Despite the considerable incentive, the property did not secure any large tenants. UCLA acquired the property to utilize as a satellite campus.

In March 2023, Waterbridge Capital acquired Union Bank Plaza in Downtown Los Angeles from KBS for \$104 million (\$150/SF). KBS was under contract to sell the 700,000-SF tower for \$280 million in 2019, but the deal fell through. In early 2022, KBS was under contract to sell the building in early 2022 to Harbor Associates for \$165 million, but that deal also fell apart.

Waterbridge originally agreed to purchase the property for \$155 million in July 2022. The sale was delayed for months, as there were a dozen extensions to close the deal. KBS realized a significant loss, having paid \$208 million for the building in September 2010 and overseen extensive renovations of the lobby and common areas. The transaction represents the sale of an average asset in an average submarket with significant vacancy. According to SEC filings, the building was only 57% leased in September 2022.

#### MARKET CAP RATE



In March 2023, Elat Properties purchased the office portion of 801 S. Grand from CIM Group for \$46 million (\$215/SF). When the 215,000-SF property was first marketed, it had 80% occupancy with a weighted average lease term of 4.7 years. Income at the property equated to a 9% cap rate. The month, Elat also acquired the 126,000-SF Taft Building at 1680 Vine St. in Hollywood for \$28 million (\$220/SF). While many buyers exercise caution in committing capital to office investments, Elat saw the opportunity to acquire properties in Los Angeles at a basis well below pre-pandemic pricing expectations.

Pessimism around the sector has also resulted in landlords defaulting on property loans. Most notable has been Brookfield, the largest owner of office buildings in Downtown Los Angeles, which has defaulted in 2023 on three of its towers, 777 Tower, Ernst & Young Plaza, and Gas Company Tower. 777 Tower was placed on the market in November. Ernst & Young Plaza went into receivership in May 2023, and Gas Company Tower went into receivership in April 2023. In July 2023, news surfaced that according to data from Trepp and Morningstar Credit Gas Company Tower was valued at \$270 million (\$200/SF), representing a 57% decline in value from the 2021 appraisal of \$623 million (\$470/SF).

The outlook calls for continued price declines through 2024 due to multiple headwinds. Market conditions are expected to remain soft, and vacancy will likely continue to increase further in the next few years. Uncertainty around the long-term trajectory for office space use due to the increased usage of hybrid work strategies persists. Additionally, as interest rates are anticipated to remain elevated through 2024, debt will remain more costly.

### Sales Past 12 Months

Los Angeles Office			
Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
<b>559</b>	<b>5.7%</b>	<b>\$326</b>	<b>22.1%</b>

### Economy

The Los Angeles economy is vast and comprises substantial portions of the national entertainment, tourism, international trade, fashion, and aerospace industries. An abundance of creative workers and entrepreneurship lends itself to elevated levels of business formation and self-employment. The demographics are diverse in racial and ethnic composition, educational attainment, income, and wealth. L.A. has several major talent generators, including top-tier universities such as USC, UCLA, and Cal Tech that support a growing tech ecosystem.

The labor market is not as tight as other parts of the country and job growth lags due to population losses. Disputes between workers and employers have arisen across various industries, including writers and actors in entertainment, dockworkers and delivery drivers in transportation, and hotel staff in hospitality. While each dispute is occupation-specific and seems to have been resolved as we begin 2024, they derive from Los Angeles' high cost of living, which is due to the challenges of building more housing. Companies often cite the challenges in hiring as a motivating factor to relocate to other parts of the country.

### LOS ANGELES EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	321	0.8	-0.76%	0.06%	-1.57%	0.72%	-0.64%	0.14%
Trade, Transportation and Utilities	846	1.0	0.88%	0.17%	0.64%	1.05%	-0.05%	0.15%
Retail Trade	415	0.9	1.46%	0.02%	0.15%	0.20%	-0.13%	0.13%
Financial Activities	218	0.8	0.38%	0.62%	0.31%	1.46%	0.07%	0.18%
Government	574	0.8	1.26%	2.69%	0.56%	0.52%	0.17%	0.37%
Natural Resources, Mining and Construction	153	0.6	2.05%	2.45%	2.37%	2.42%	0.23%	0.29%
Education and Health Services	947	1.2	5.28%	3.87%	2.94%	1.99%	0.90%	0.66%
Professional and Business Services	675	1.0	-0.17%	0.77%	1.24%	2.00%	-0.03%	0.51%
Information	214	2.4	-6.37%	-2.55%	0.69%	1.07%	0.77%	0.27%
Leisure and Hospitality	557	1.1	3.79%	3.00%	2.08%	1.52%	1.06%	0.76%
Other Services	160	0.9	2.24%	1.79%	0.65%	0.68%	0.12%	0.31%
<b>Total Employment</b>	<b>4,666</b>	<b>1.0</b>	<b>1.56%</b>	<b>1.66%</b>	<b>1.17%</b>	<b>1.36%</b>	<b>0.33%</b>	<b>0.40%</b>

Source: Oxford Economics  
LQ = Location Quotient

The post-pandemic recovery in employment levels was slow relative to the nation due to an acceleration of population losses. Nonfarm payrolls recovered to their February 2020 levels in late 2022, whereas stronger population growth markets experienced more rapid recoveries. The composition of employment by sector has shifted. Most notably, transportation firms have grown payrolls by 14% since February 2020, while information, which includes motion picture and sound recording, payrolls are 9% lower.

The transportation sector sustained growth through the pandemic, as warehousing demands increased by retailers and ecommerce operators. Much of the demand draws from the ports of Los Angeles and Long Beach, which rank first and second in the U.S. in terms of annual containers (TEUs) handled. The twin ports handled 19 million containers in 2022, which if combined, would make them the fifth-busiest port in the world. The ports faced several potential challenges and trade flows fell sharply in the first half of 2023. Some trade was diverted to the East Coast, which has been facilitated by the expansion of the Panama Canal in 2016 and which can place many items closer to their destination. U.S. imports from China, a significant place of origin for goods entering through L.A.'s ports, have struggled to grow since tariffs were imposed in 2018. Port activity began to rebound near the end of 2023.

The entertainment business is vital to the Los Angeles economy. Los Angeles has benefited from the boom in content creation and social media over the past 10 years. However, programming for the next 12 months will likely be affected by the writer's and actor's strikes.

Tourism is also important for the local economy. Stores, restaurants, and lodging in tourist hotspots like Downtown L.A., Hollywood, Beverly Hills, and Santa Monica are dependent on tourists spending. Los Angeles has more than 50 million visitors per year, but hotel occupancy rates have yet to recover to pre-pandemic levels.

### COVID-19 PANDEMIC

In 2022, the Omicron and several subvariants variant have quickly spread through the United States. Uncertainty in the market remains, though not at the same levels as when the pandemic began in March 2020. Impacts of virus to the economy remain, though far less than in the early days of the pandemic. Further supply chain disruption for certain sectors will continue. After the long-awaited fight with COVID-19's spread, Governor Gavin Newsome issued a proclamation terminating the state's COVID-19 State of Emergency. May 11, 2023 marked the end of the federal COVID-19 PHE declaration. Aggregate COVID-19 case and death data reporting has been discontinued with the end of the Public Health Emergency (PHE) on May 11, 2023. There were still more than 9,747 patients hospitalized in the United States per week, with 16% of those being ICU patients (as of June 15, 2023).

There are signs that the virus may be surging again. Hospitalizations have been trending upward since the beginning of July — the first increase seen this year, according to data from the Centers for Disease Control and Prevention. The agency reported 8,035 new hospital admissions for the week ending July 22, a 12.1% increase compared to the week prior, though still one of the lowest points in the pandemic. At the same time last year, for comparison, that number was more than 44,000.

However, experts state that while cases are going up, they are not currently expecting a huge spike in Covid-19 and wouldn't advise people to change their behaviors for now. On May 5, 2023, more than years into the pandemic, the WHO Emergency Committee on COVID-19 recommended to the Director-General who accepted the recommendation, that given the disease was by now well established and ongoing, it no longer fit the definition of a PHEIC. The does not mean that the pandemic itself is over, but the global emergency it caused is — for now. A review committee will be established to develop long-term, standing recommendations for countries on how to manage COVID-19 on an ongoing basis.

### RUSSIAN/UKRAINE CONFLICT

On February 24, 2022, Russia invaded Ukraine using military force. The United States and its allies within NATO have placed many economic sanctions on Russia for starting the conflict which has caused a spike in energy prices, primarily gas, though certain food prices have also been affected, primarily wheat. Almost a year later the conflict shows no signs of ending soon and there is growing concern of further escalations as Russia has broadened its rhetoric to note this conflict has now become one with the broader 'West' and recently indicated Russia will pull out of START, a treaty the limits the number of deployed intercontinental-range nuclear weapons that both the US and Russia can have. Uncertainty surrounding Russia's willingness to use a nuclear weapon to 'win' the war will persist as long as the conflict remains.

Since Russia's invasion in February 2022, Ukraine has become far and away the top recipient of U.S. foreign aid. The Joe Biden administration and the U.S. Congress have directed about \$75 billion in assistance to Ukraine, which includes humanitarian, financial, and military support, according to the Kiel Institute for the World Economy, a German research institute. (This figure does not include all war-related U.S. spending, such as aid to allies.) However, the flow of U.S. aid to Ukraine looked uncertain in early 2024 as new funding legislation remained stalled in Congress. Meanwhile, EU leaders have agreed to provide Ukraine another 50 billion euros in multiyear financial support after overcoming opposition from Hungarian Prime Minister Viktor Orbán.

### INFLATION / INTEREST RATES

In an effort to stabilize/reduce inflation, the Federal Reserve (Fed) has increased the federal funds rate at a historic pace in 2022. To date, the Fed has raised the benchmark federal funds rate by 75 basis points four times, June 15, 2022, July 27, 2022, September 21, 2022 and November 2, 2022. On December 14, 2022 the increase was reduced to 50 basis points. The most recent increase, February 1, 2023, was again reduced to 25 basis points as inflation continues its decline. 2022 saw historic short-term borrowing rate increases and are now the highest they've been since 2008 (The Great Recession). Rates have continued upward progression with 25 bps increases in January 2023 and in March 2023 and another 25 bps increase in May 2023. The Fed finally paused the rate hike in June 2023 and chose not to lift rates for the first time in 11 meetings, leaving its target rate between 5.00% and 5.25% and target inflation is 2.0%. The rate remained unchanged in September 2023, November 2023 and in December 2023. The Fed signaled that rates could be on hold for the foreseeable future, but they will keep an eye on changing economic conditions. The consensus among market experts suggests that the Fed may begin cutting rates later in 2024 as inflation eases toward the Fed's 2% target. The opinion is bifurcated as some Fed watchers remain concerned about more interest rate increases due to risks of bank failures, stock market instability, mortgage rates and global economic uncertainty.

Jan. 31, 2024	TBD	TBD
Dec. 13, 2023	Held Steady	5.25%-5.50%
Nov. 1, 2023	Held Steady	5.25%-5.50%
Sept. 20, 2023	Held Steady	5.25%-5.50%
July 26, 2023	Raise +25 bps	5.25%-5.50%
June 14, 2023	Held steady	5.00%–5.25%
May 3, 2023	Raise +25 bps	5.00%–5.25%
March 22, 2023	Raise +25 bps	4.75%–5.00%
Feb. 1, 2023	Raise +25 bps	4.50%–4.75%
Dec. 14, 2022	Raise +25 bps	4.25%–4.50%

Source: Federal Reserve Board

The Fed held rates steady at 5.25%-5.50% at its November and September 2023 FOMC meetings, which has provided some relief for a strained banking sector and tepid stock market. Experts predicted that the fed will shift to rate cuts in 2024—although this will depend on economic conditions in the coming weeks. FOMC announced on January 31, 2024, that it would maintain its policy rate in a range of 5.25% to 5.5%. The January decision marks the fourth straight meeting at which the Fed has opted to hold interest rates steady. While the fed funds rate has reached its peak for this tightening cycle, questions remain about the timing and extent of potential 2024 rate cuts.



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave
2024	3.1	Avail. March 12											
2023	6.4	6.0	5.0	4.9	4.0	3.0	3.2	3.7	3.7	3.2	3.1	3.4	4.1
2022	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	7.1	6.5	8.0
2021	1.4	1.7	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	6.8	7.0	4.7
2020	2.5	2.3	1.5	0.3	0.1	0.6	1.0	1.3	1.4	1.2	1.2	1.4	1.2

Annual US Inflation Rates (Source: U.S. Bureau of Labor Statistics: all items in U.S. city average, all urban consumers, not seasonally adjusted)

The inflation showed continued downward trend, reporting 3.0% in June 2023. However, it ticked up a bit to 3.2% in July 2023 (followed by higher rate in August 2023) and Feds hinted at possible continued interest rate increases until the 2.0% goal has been reached. Rapidly increasing gasoline cost continues to cast doubt on the reversal of increasing interest rate trend. It remained unchanged at 3.7% in September 2023 and improved to 3.2% in October, causing cautious optimism for rate stabilization. Inflation further stabilized in November 2023 at 3.1%, hinting at cautious optimism for interest rate reductions in 2024.

The labor market (unemployment) remains a concern going forward as the Fed attempts to bring inflation down while maintaining a strong labor market. The target is 4.6% unemployment on a national level while it is currently 3.7% as of January 2024 (most recent available) according to the Bureau of Labor Statistics.



## DOWNTOWN LOS ANGELES OFFICE SUBMARKET

### Overview

#### Downtown Los Angeles Office

12 Mo Deliveries in SF

**129K**

12 Mo Net Absorption in SF

**(1.1M)**

Vacancy Rate

**19.9%**

12 Mo Asking Rent Growth

**-1.4%**

### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	46,745,284	22.9%	\$3.50	24.1%	(337,014)	0	137,281
3 Star	18,388,066	14.2%	\$2.67	16.7%	26,514	0	0
1 & 2 Star	5,426,940	12.5%	\$2.16	13.4%	(55,984)	0	0
<b>Submarket</b>	<b>70,560,290</b>	<b>19.9%</b>	<b>\$3.18</b>	<b>21.3%</b>	<b>(366,484)</b>	<b>0</b>	<b>137,281</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.7%	13.7%	23.1%	19.9%	2024 Q1	8.6%	2007 Q3
Net Absorption SF	(1.1M)	(208,314)	(863,666)	2,833,134	1998 Q4	(1,718,239)	2009 Q2
Deliveries SF	129K	169,451	39,694	877,028	2017 Q2	0	2020 Q4
Asking Rent Growth	-1.4%	2.8%	-0.7%	12.8%	2008 Q1	-8.8%	2009 Q3
Sales Volume	\$291M	\$818.1M	N/A	\$4.4B	2014 Q1	\$15.8M	2009 Q3

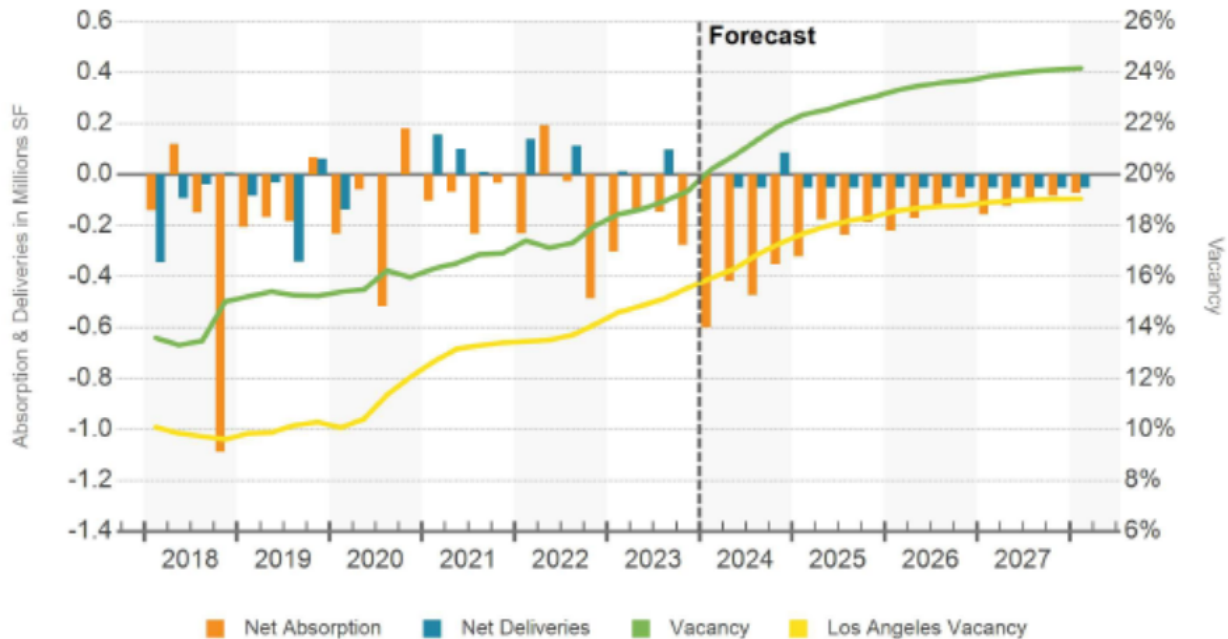
Vacancy in Downtown Los Angeles in the first quarter, 19.9%, is above the Greater Los Angeles office market average. The area experienced -1.1 million SF of negative net absorption during the past 12 months. Many tenants continue to downsize or vacate spaces. The decline in occupancies has resulted in asking rent declines during the past year. Given expected continued market weakness, the outlook calls for vacancy to continue to rise and rents to decline through at least 2024.

Looking at supply, the submarket has 140,000 SF under construction, with two projects in the Arts District. Both projects have seen no preleasing, further demonstrating weak tenant demand. Additionally, Redcar Properties, a well-known creative office developer, recently completed 843 N Spring St. in Chinatown. The 122,000-SF project is 100% available.

Regarding sales, The Trust Building in June and Union Bank Plaza in March are prime examples of transactions seeing distressed pricing. Additionally, Brookfield, the largest owner of office buildings in Downtown Los Angeles, defaulted in 2023 on three of its towers, 777 Tower, Ernst & Young Plaza, and Gas Company Tower. Ernst & Young Plaza went into receivership in May, and Gas Company Tower went into receivership in April. 777 Tower was placed on the market in November.

Greater Downtown has historically been a slow-growth, low-volatility office submarket. It provides a discount to and has typically had greater availabilities than some of the more esteemed submarkets on the Westside. Tenancy is diverse, with concentrations in the legal, government, trade, and financial services sectors. However, the metro's notable tech, media, and entertainment companies have historically had a modest presence. Some traction has attracted these tenants to the submarket in recent years, primarily to the Arts District and Fashion District.

NET ABSORPTION, NET DELIVERIES & VACANCY



Tenants locate in Downtown Los Angeles for several reasons, including proximity to clients and courts, transportation infrastructure, relative value, and the ability to draw labor from a wide geographic range. The completion of the Regional Connector underneath Downtown in 2023 cements the area as the nexus of Los Angeles' ever-expanding public transportation network. Downtown has had to confront a worsening homeless situation and crime perceptions during the past several years. However, in the longer term, the continued growth in multifamily units and retail offerings could make the area more appealing to office tenants.

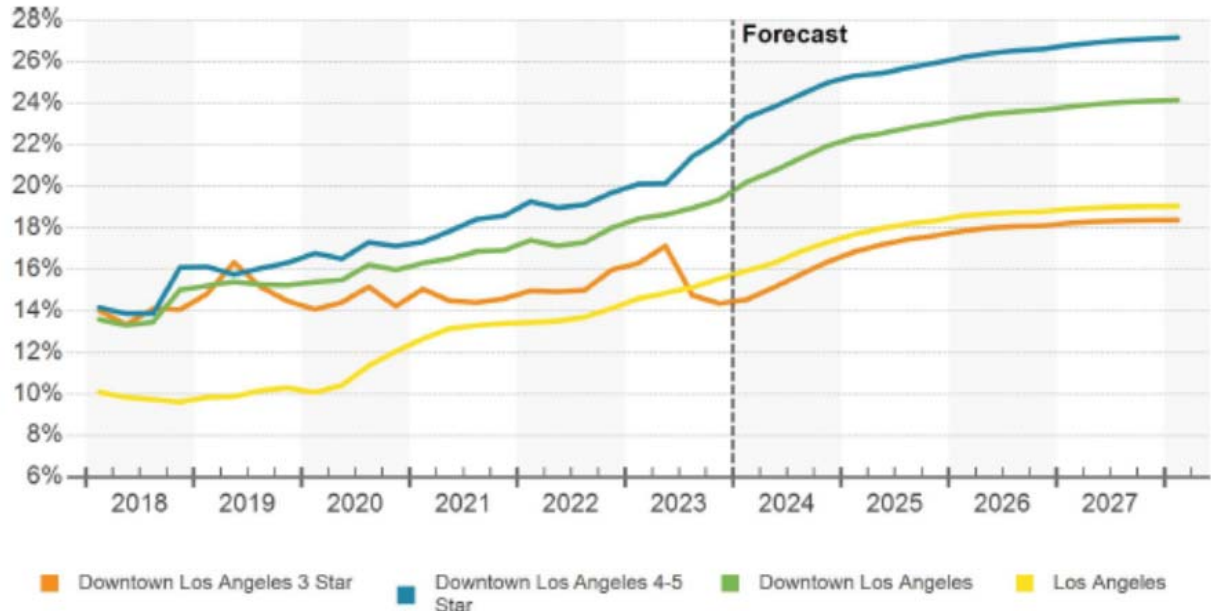
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#### VACANCY RATE



Law firms are a crucial tenancy in the submarket. Looking at recent law firm activity, in September, Akerman leased 13,300 SF in U.S. Bank Tower. Akerman is moving from its similar-sized, 12,700 SF in the CalEdison Building next door. Law firm Sidley Austin leased 57,400 SF at Two California Plaza in June. While it is promising that Sidley Austin committed to another space downtown, it downsized from 136,000 SF at Gas Company Tower, another major tower in Downtown Los Angeles.

Looking ahead, vacancy in the submarket will likely remain elevated. The road to recovery for Downtown Los Angeles' office market is uncertain. Questions remain about how office tenants will utilize offices in the long term. The submarket has also had to contend with a distressing homeless situation and negative perceptions around crime, making the area less appealing to tenants, some of whom have migrated out of the area during the past few years.

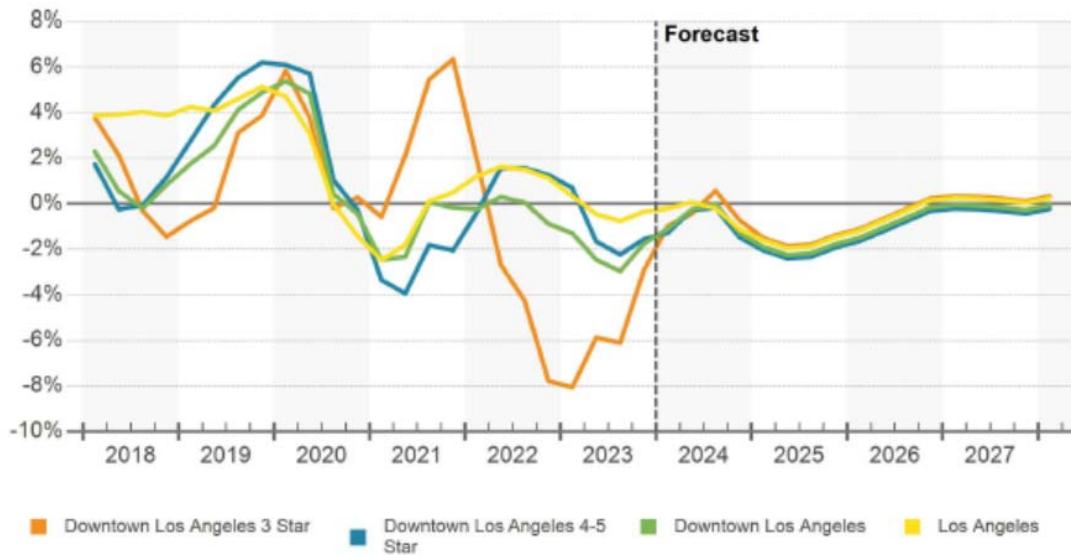
#### Rent

Average asking rents have declined during the past year, with losses of -1.4% during the past 12 months. Average asking rents, \$38.00/SF, are down from a recent peak of \$40.00/SF in early 2020.

Considering the market's weakness, one may have thought landlords would have reduced asking rates further during this time. However, rents can only go so low before executing leases fail to make financial sense. In addition to tenants holding greater leverage in negotiations to ask for higher tenant improvement allowances, the higher inflation witnessed during the past two years has significantly increased tenant build-out costs. According to local market experts, even 10-year leases may have to provide concession packages worth five to six years of the total rent collected during the lease to secure tenants. This dynamic has kept some spaces vacant as either landlords or lenders see some leases as dilutive to asset values.

A prominent example of lenders rejecting leases likely based on economic terms involved the City of Los Angeles Housing Department. The department was in talks for 300,000 SF at Gas Company Tower in the submarket, a distressed building that went into receivership in April 2023. In October, news surfaced that the building's CMBS bondholders rejected a 300,000-SF lease by the City of Los Angeles for its Housing Department. Considering the building has an availability rate of 25%, it's hard to envision another reason besides rent economics for the refusal of the lease.

MARKET ASKING RENT GROWTH (YOY)

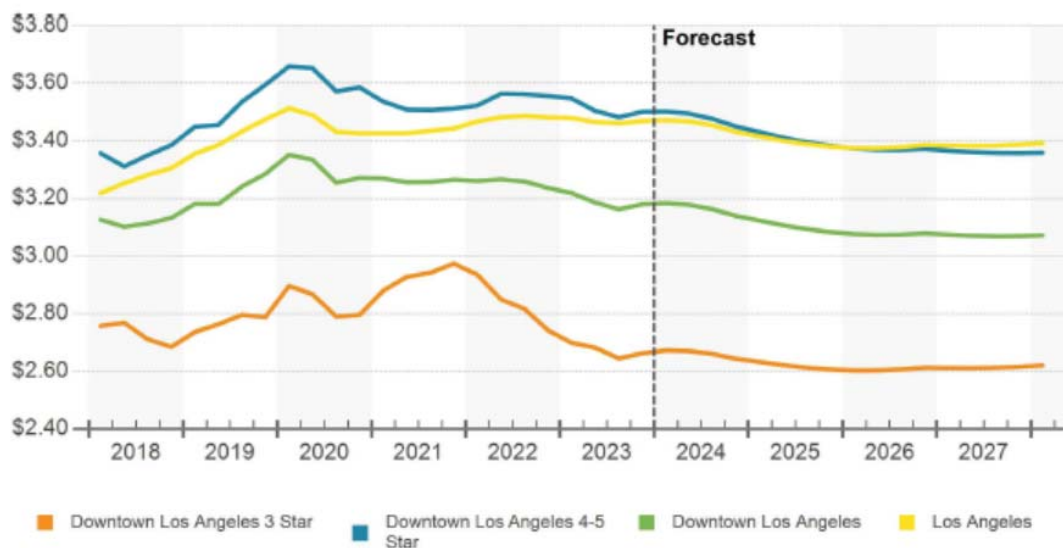


Historically, the submarket saw rent growth on par with metro averages. From 2011, when rents last bottomed, to early 2020, when rents last peaked, Downtown Los Angeles saw cumulative rent growth of around 50%.

The submarket is historically considered a value option compared to Westside submarkets such as Santa Monica and Century City. However, some industrial conversions, particularly in the Arts District, have rental rates well above the submarket average. The decision to lease in the Arts District is less of a value proposition.

Given the current weak leasing environment, landlords have little leverage over tenants to push rents. Concessions for leases executed are also likely to remain high. With vacancy expected to continue to climb, the outlook calls for rents to decline further for at least the near to midterm.

MARKET ASKING RENT PER SQUARE FEET



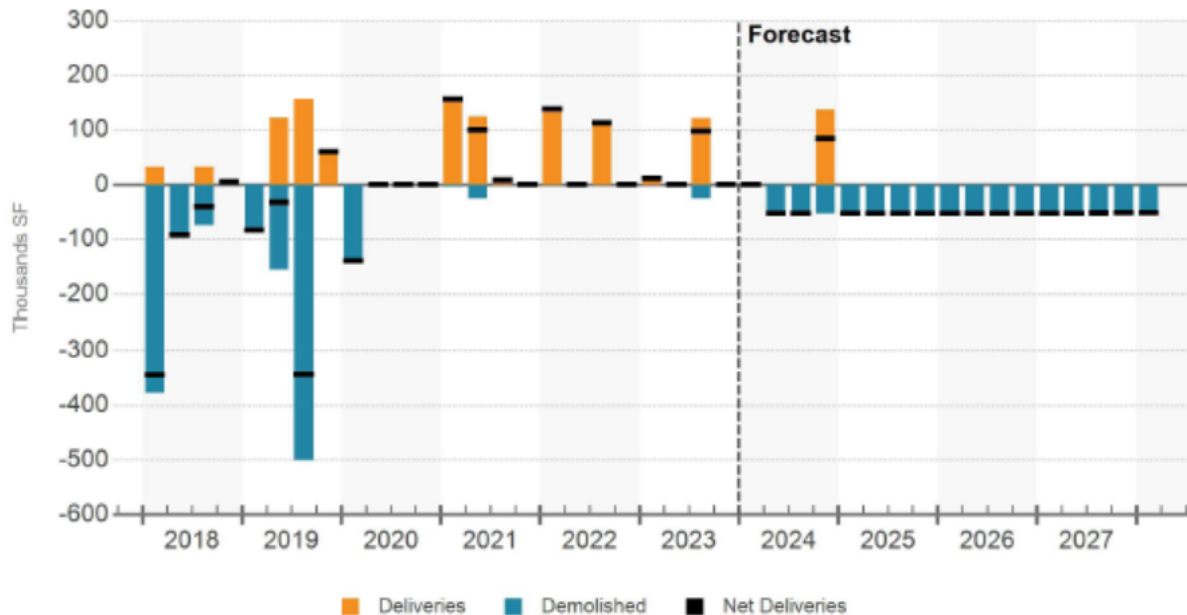


## Construction

Looking at recent major completions, In Chinatown, Redcar Properties, well known in Los Angeles for its creative office projects, completed work in 23Q3 on 843 N Spring St, a five-story, 122,000-SF building. 100% of the space in the project is available.

In 2022, L.A. developer Lowe Enterprises delivered 2130 Violet St. in 22Q3. The 112,500-SF project in the Arts District remains 100% available. In 22Q1, 7Main delivered. The 138,000-SF project involved converting the former Dearden's furniture store at Seventh and Main Street into office space and ground-floor retail. All of the office space, 102,000 SF, remains vacant.

### DELIVERIES & DEMOLITIONS



The construction pipeline has 140,000 SF of new office space underway. Carmel Partners' mixed-use development at 530 Mateo St. in the Arts District will have 137,300 SF of office space and almost 500 live/work units. The 35-story project will deliver in the latter half of 2024.

Los Angeles has also seen many office renovations in recent years. While these projects do not result in new office space for the submarket, they increase options for tenants toward the higher end of the market. Owners of these properties are seeking higher-profile tenants willing to pay higher rents than those that previously occupied the buildings.

One of the most significant renovation projects in recent years was The Trust Building at 433 S Spring St., which saw renovations completed at the end of 2019. The vast majority of the 285,000-SF building had sat vacant since renovations on the property finished. The property was sold to the University of California, Los Angeles, this June, which will use the building as a satellite campus (see sales section for more information).

## Construction

### Downtown Los Angeles Office

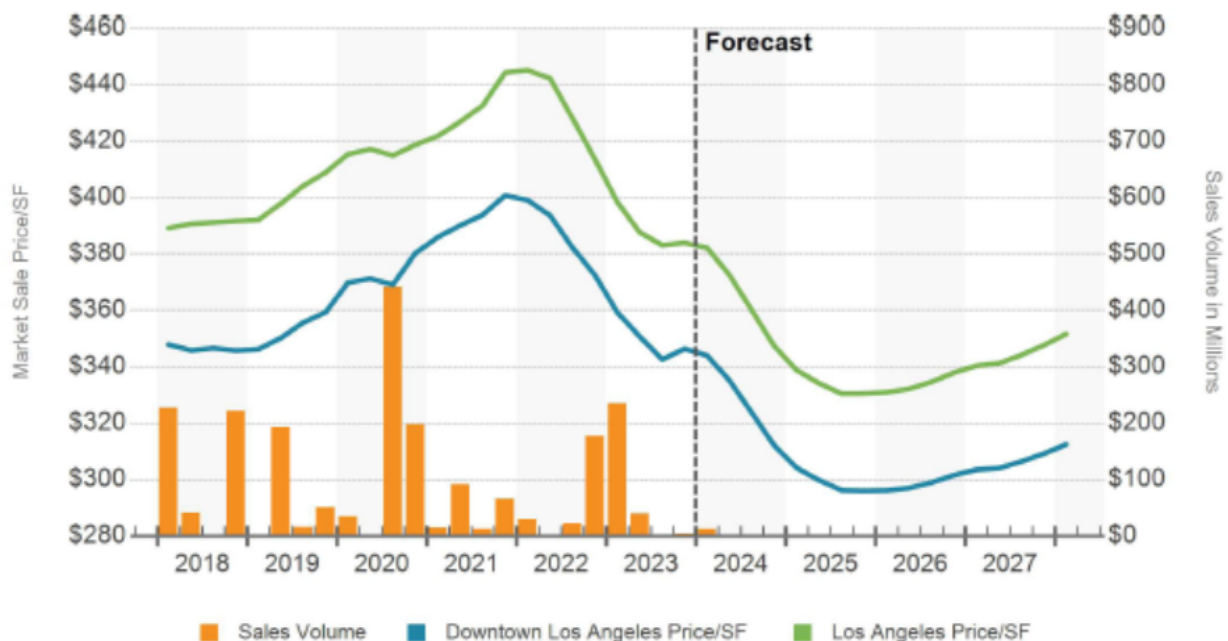
All-Time Annual Avg. Square Feet	Delivered Square Feet Past 8 Qtrs	Delivered Square Feet Next 8 Qtrs	Proposed Square Feet Next 8 Qtrs
166,004	384,163	137,281	2,770,095

## Sales

Downtown Los Angeles saw \$185 million worth of office property transactions during the past 12 months, below the 10-year annual average of \$883 million. Confidence in the future of Downtown Los Angeles' office market has faltered, demonstrated by several recent sales that represent notable discounts in pricing compared to what would have been achieved before early 2020.

In late June, the University of California, Los Angeles closed on The Trust Building at 433 S. Spring St. for \$40 million (\$140/SF). The seller, JV partners Rising Realty Partners and Lionstone Investments, acquired the 285,000-SF property in June 2016 for \$80.4 million (\$280/SF). Rising Realty spent \$40 million on renovating the 1920s Art Deco building.

### SALES VOLUME & MARKET SALE PRICE PER SF



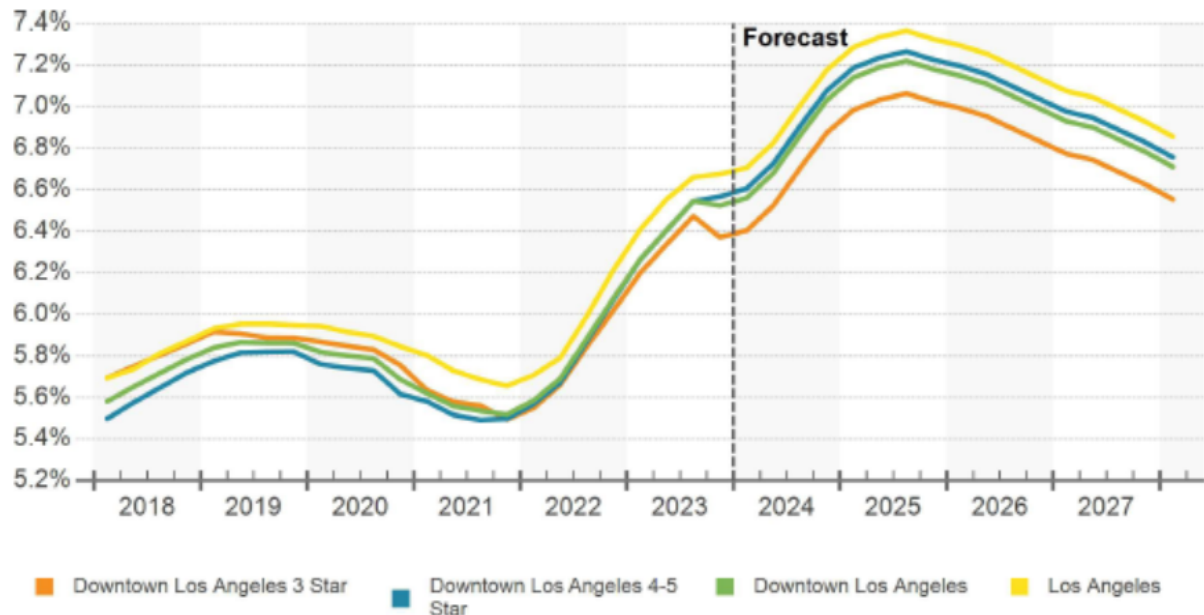
Renovations were completed in 2019. Rising and Lionstone only secured two office tenants. KTGy, an architectural firm, leased 15,700 SF, and an undisclosed firm leased 4,100 SF. In 2021, Rising and Lionstone offered brokers a \$1 million bonus if a tenant were to commit to at least 100,000 SF. Despite the considerable incentive, the property did not secure any large tenants. UCLA acquired the property to utilize as a satellite campus.

In March 2023, Waterbridge Capital acquired Union Bank Plaza in Downtown Los Angeles from KBS for \$104 million (\$150/SF). KBS was under contract to sell the 700,000-SF tower for \$280 million in 2019, but the deal fell through. In early 2022, KBS was under contract to sell the building in early 2022 to Harbor Associates for \$165 million, but that deal also fell apart.

Waterbridge originally agreed to purchase the property for \$155 million in July 2022. The sale was delayed for months, as there were a dozen extensions to close the deal. KBS realized a significant loss, having paid \$208 million for the building in September 2010 and overseen extensive renovations of the lobby and common areas. The transaction represents the sale of an average asset in an average submarket with significant vacancy. According to SEC filings, the building was only 57% leased in September 2022.



MARKET CAP RATE



In March 2023, Elat Properties purchased the office portion of 801 S. Grand from CIM Group for \$46 million (\$215/SF). When the 215,000-SF property was first marketed, it had 80% occupancy with a weighted average lease term of 4.7 years. Income at the property equated to a 9% cap rate. The month, Elat also acquired the 126,000-SF Taft Building at 1680 Vine St. in Hollywood for \$28 million (\$220/SF). While many buyers exercise caution in committing capital to office investments, Elat saw the opportunity to acquire properties in Los Angeles at a basis well below pre-pandemic pricing expectations.

Pessimism around the sector has also resulted in landlords defaulting on property loans. Most notable has been Brookfield, the largest owner of office buildings in Downtown Los Angeles, which has defaulted in 2023 on three of its towers, 777 Tower, Ernst & Young Plaza, and Gas Company Tower. 777 Tower was placed on the market in November. Ernst & Young Plaza went into receivership in May 2023, and Gas Company Tower went into receivership in April 2023. In July 2023, news surfaced that according to data from Trepp and Morningstar Credit Gas Company Tower was valued at \$270 million (\$200/SF), representing a 57% decline in value from the 2021 appraisal of \$623 million (\$470/SF).

The outlook calls for continued price declines through 2024 due to multiple headwinds. Market conditions are expected to remain soft, and vacancy will likely continue to increase further in the next few years. Uncertainty around the long-term trajectory for office space use due to the increased usage of hybrid work strategies persists. Additionally, as interest rates are anticipated to remain elevated through 2024, debt will remain more costly.

## Summary and Outlook

Vacancy in Downtown Los Angeles in the first quarter, 19.9%, is above the Greater Los Angeles office market average. The area experienced -1.1 million SF of negative net absorption during the past 12 months. Many tenants continue to downsize or vacate spaces. The decline in occupancies has resulted in asking rent declines during the past year. Given expected continued market weakness, the outlook calls for vacancy to continue to rise and rents to decline through at least 2024.

Looking at supply, the submarket has 140,000 SF under construction, with two projects in the Arts District. Both projects have seen no preleasing, further demonstrating weak tenant demand. Additionally, Redcar Properties, a well-known creative office developer, recently completed 843 N Spring St. in Chinatown. The 122,000-SF project is 100% available.

Regarding sales, The Trust Building in June and Union Bank Plaza in March are prime examples of transactions seeing distressed pricing. Additionally, Brookfield, the largest owner of office buildings in Downtown Los Angeles, defaulted in 2023 on three of its towers, 777 Tower, Ernst & Young Plaza, and Gas Company Tower. Ernst & Young Plaza went into receivership in May, and Gas Company Tower went into receivership in April. 777 Tower was placed on the market in November.

Greater Downtown has historically been a slow-growth, low-volatility office submarket. It provides a discount to and has typically had greater availabilities than some of the more esteemed submarkets on the Westside. Tenancy is diverse, with concentrations in the legal, government, trade, and financial services sectors. However, the metro's notable tech, media, and entertainment companies have historically had a modest presence. Some traction has attracted these tenants to the submarket in recent years, primarily to the Arts District and Fashion District.

Tenants located in Downtown Los Angeles for several reasons, including proximity to clients and courts, transportation infrastructure, relative value, and the ability to draw labor from a wide geographic range. The completion of the Regional Connector underneath Downtown in 2023 cements the area as the nexus of Los Angeles' ever-expanding public transportation network. Downtown has had to confront a worsening homeless situation and crime perceptions during the past several years. However, in the longer term, the continued growth in multifamily units and retail offerings could make the area more appealing to office tenants.

**DOWNTOWN RETAIL SUBMARKET - COSTAR**

**Overview**

**Downtown Los Angeles Retail**

12 Mo Deliveries in SF

**227K**

12 Mo Net Absorption in SF

**205K**

Vacancy Rate

**7.1%**

12 Mo Asking Rent Growth

**0.5%**

**KEY INDICATORS**

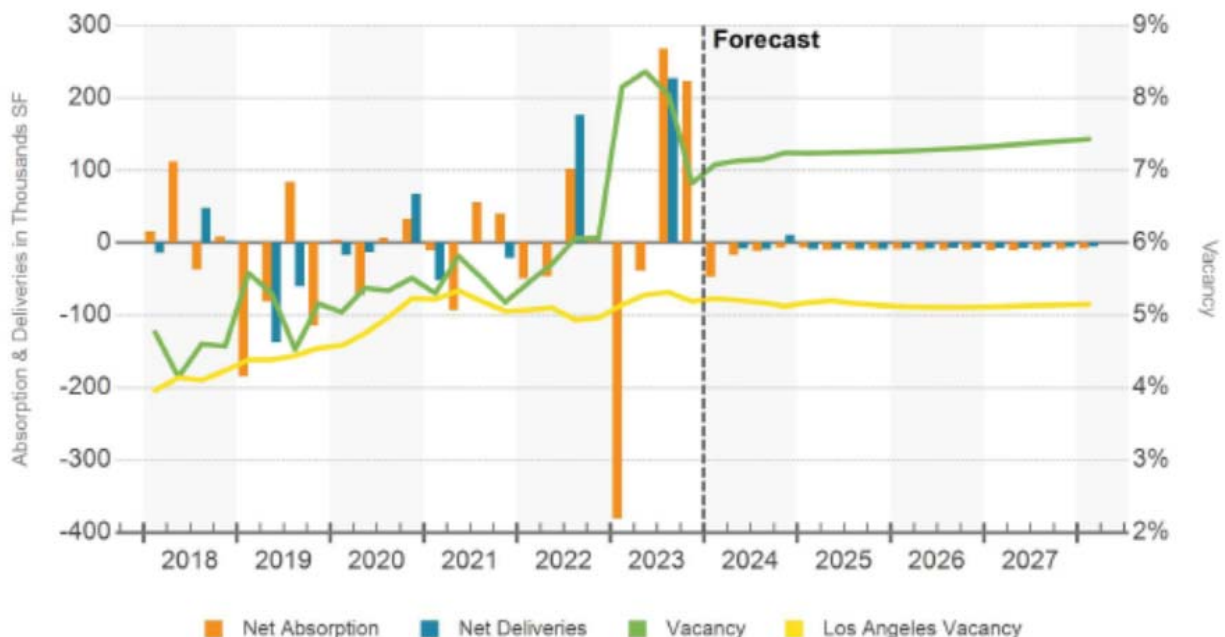
Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	827,242	1.4%	\$4.35	1.4%	0	0	0
Power Center	0	-	-	-	0	0	0
Neighborhood Center	1,642,067	9.6%	\$3.64	8.9%	63,788	0	0
Strip Center	307,807	12.7%	\$3.48	2.0%	0	0	0
General Retail	15,090,764	7.3%	\$3.09	8.2%	(109,029)	0	20,017
Other	650,000	0.6%	\$2.38	2.6%	0	0	0
<b>Submarket</b>	<b>18,517,880</b>	<b>7.1%</b>	<b>\$3.18</b>	<b>7.6%</b>	<b>(45,241)</b>	<b>0</b>	<b>20,017</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0%	4.8%	7.3%	10.4%	2015 Q4	2.3%	2007 Q3
Net Absorption SF	205K	96,982	14,343	1,116,267	2008 Q4	(521,166)	2015 Q4
Deliveries SF	227K	176,116	31,599	1,279,995	2008 Q4	0	2022 Q2
Asking Rent Growth	0.5%	1.6%	2.0%	4.7%	2007 Q2	-4.0%	2009 Q4
Sales Volume	\$18.6M	\$121.2M	N/A	\$393.9M	2015 Q4	\$14.5M	2010 Q2

Long-term tailwinds from multifamily construction that have exponentially increased the size of the local residential community over the past two decades help to offset the impact of lower office utilization. While workers have yet to return to the office, patrons are returning to theaters and sporting events. Restaurant spaces that are vacated have started to generate interest. Additionally, multifamily housing has continued to expand.

**NET ABSORPTION, NET DELIVERIES & VACANCY**



The vacancy rate is generally higher than the metro average due to the presence of aged and nearly obsolete properties. Some restaurant spaces in the Financial District, Arts District, and South Park that were vacated at the onset of the pandemic have been leased, though more restaurants have closed than plan to open.

The addition of residential units and investment in projects such as Related California's The Grand has made the area a destination for both restaurateurs and retailers alike. Apple opened its store on Broadway that was first rumored in 2015 in what is acclaimed as an excellent adaptive reuse for retailers. The Broadway corridor has attracted national retailers in recent years.

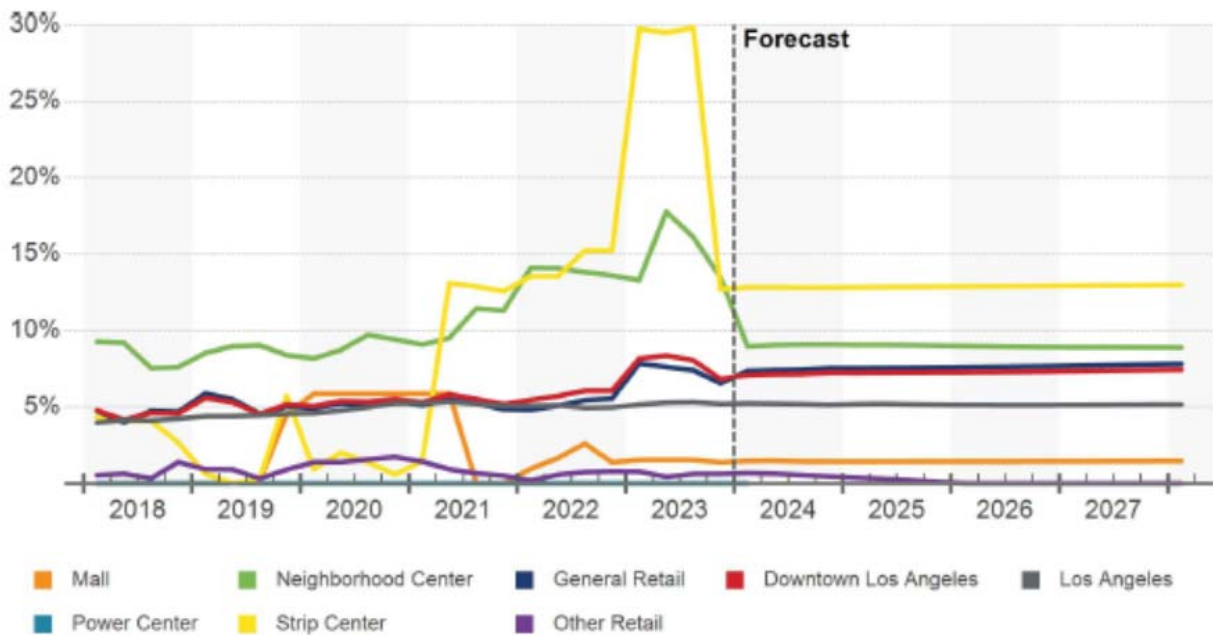
In capital markets, transaction activity has slowed since 22Q3, with institutional capital pulling back on large acquisitions that typically account for a large proportion of deals within the submarket. The implementation of the ULA transfer tax on April 1st of last year has further derailed investor appetite.

### Vacancy

Demand for retail properties in Downtown Los Angeles comes from various places. Roughly 75,000 residents live in downtown and approximately 200,000 people commute into downtown during the week. Tourism into downtown adds another 15 million visitors per year.

The vacancy rate of retail properties in Downtown Los Angeles is 7.1%, above the L.A. retail market average of 5.3%. This excludes space that is available in ground floor retail within office and multifamily properties.

#### VACANCY RATE



The rise in hybrid work and slow return in tourism has impacted the local retail market as leasing activity has been modest since the onset of the pandemic. Among the most notable new tenants, K & L leased 12,000 SF at 310 Los Angeles St. in August. That same month, Good Repository leased 1,800 SF at 212 W Fifth St. In contrast, pre pandemic leasing included the likes of Target, Uniqlo, Ralph's, and Whole Foods. The dining scene comprises many top-rated restaurants in both the central business district and the Arts District.

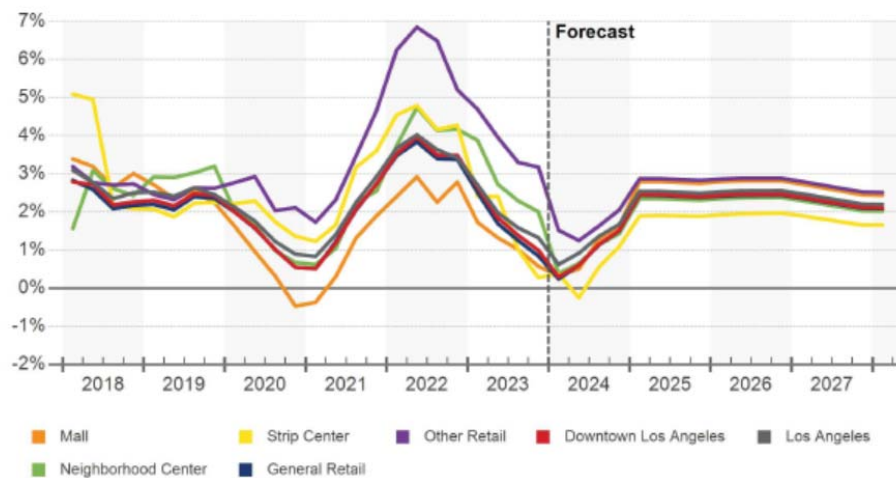
A long-term demand driver is the execution of the Downtown Community Plan update (DTLA 2040), which supports legacy businesses while streamlining the adaptive reuse ordinance that has helped revitalize many neighborhoods within the submarket. Recently, the Metro Regional Connector project connected the Metro Gold Line to the 7th Street/Metro Center Station, greatly improving public transit into downtown.

## Rent

Downtown has many neighborhoods that can vary widely in terms of product type and asking rent. Most retail properties are freestanding buildings. In aggregate, rents average \$38.00/SF, slightly above the L.A. metro retail average.

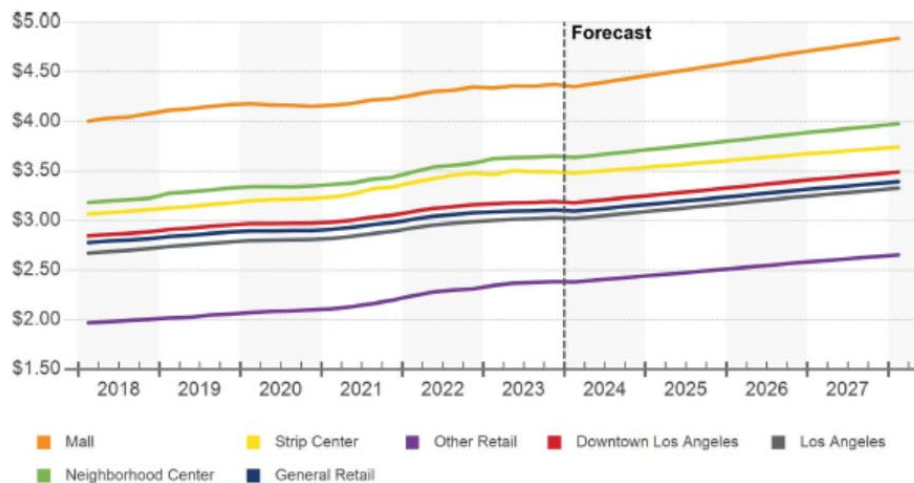
Rents are supported by a high daily worker population and a growing residential community; however, there are fewer daily office workers than prior to the pandemic. Rents have grown by 0.5% during the past year and have averaged 2.0% annually over the past five years.

MARKET ASKING RENT GROWTH (YOY)



At the upper end of the market, rates for 4 Star properties achieve a roughly 25% premium over the average. Although downtown is one of the smallest geographical submarkets, its product type and rents are incredibly varied. At 1000 S Olive St., for example, Allureum leased 7,600 SF with a starting rent of \$47.40/SF NNN annually for a 10-year term in May 2023. Less than a year earlier, a 2,600-SF space at 1155-1165 S Main St. leased with an asking rent of \$13.80/SF NNN annually.

MARKET ASKING RENT PER SQUARE FEET



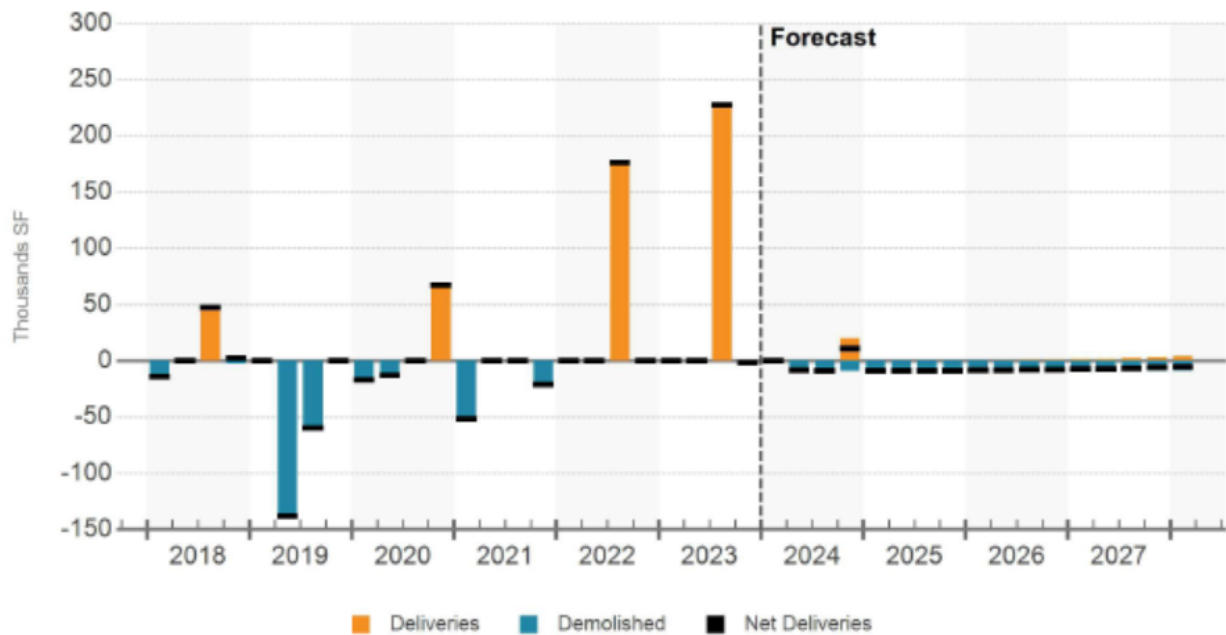


## Construction

Supply of retail properties in Downtown L.A. has changed by 170,000 SF over the past five years, with the amount of new construction slightly offset by demolitions and repositioning of obsolete properties. Apart from the more than 18 million SF in retail properties, Downtown L.A. contains a significant amount of ground-floor retail space in offices and multifamily properties.

Auto dealerships around the periphery of the submarket have accounted for some of the largest recent developments. In August, for example, Nissan of Downtown LA expanded into a three-story, 227,200-SF structure at 635 W Washington Blvd.

### DELIVERIES & DEMOLITIONS



A better reflection of retail development in Downtown Los Angeles is Related California's The Grand project on Bunker Hill, which completed in August 2022. The project comprises 175,000 SF of retail space, along with a 436-unit rental community and a 305-room Hilton Conrad branded hotel. The retail portion includes 71,000 SF dedicated to bars, cafes, and restaurants, with the balance composed of three levels of retail shops.

Two of the most high-profile retail projects in the submarket announced in recent years are currently stalled with uncertain timelines. Plans for the Broadway Trade Center included 345,000 SF of retail, but by June 2022, the property was in foreclosure. The mixed-use Oceanwide Plaza in South Park was slated to complete in 2019 with just over 150,000 SF of retail space, but the Chinese-owned project adjacent to Crypto.com Arena halted construction due to funding issues and is currently deferred until activity resumes.



Mixed-use Creative Office / Retail Property  
24-045-04

## MARKET ANALYSIS

### RECENT DELIVERIES

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 635 W Washington Blvd	★ ★ ★ ★ ★	227,169	3	Sep 2021	Aug 2023	-
2 The Grand 100 S Grand Ave	★ ★ ★ ★ ★	176,000	20	Feb 2019	Aug 2022	Related California Irvine Related California Irvine

### UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 Alloy Retail 520 Mateo St	★ ★ ★ ★ ★	20,017	1	Feb 2023	Sep 2024	-

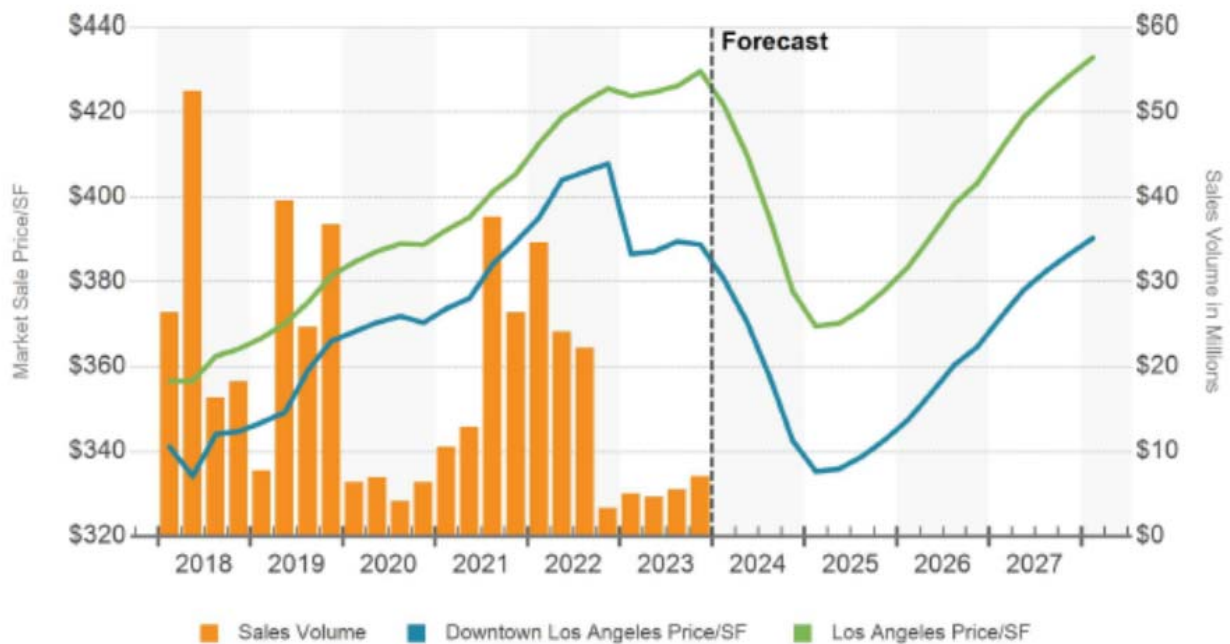
### PROPOSED

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 The City Market of Los A... 1057 S San Pedro St	★ ★ ★ ★ ★	225,000	1	May 2024	Jul 2025	Lena Group The City Market Of Los Angeles
2 6AM 1206 E 6th St	★ ★ ★ ★ ★	151,000	1	Aug 2024	Jun 2025	SunCal Companies SunCal Companies
3 Market Space/ Retail/ foo... 755 Wall St	★ ★ ★ ★ ★	81,590	-	Mar 2024	Oct 2025	Arthur & Jeanette Bosshard Arthur & Jeanette Bosshard
4 900 S Santa Fe Ave	★ ★ ★ ★ ★	18,000	2	Apr 2024	Aug 2025	- Thor Equities

## Sales

Investors have reduced acquisitions of retail properties since the start of 22Q4 due to rising interest rates. Additionally, the growing uncertainty in the local office market has impacted retail properties because Downtown Los Angeles retailers depend heavily on daily worker traffic. Only buildings valued under \$5 million have provided price comparisons since the start of 2023, bringing an additional obstacle to price discovery. For example, one of the largest trades last year is a 2,100-SF gasoline station at 421 W College St. that sold for \$3.65 million, yet there are very few gasoline stations across Downtown Los Angeles.

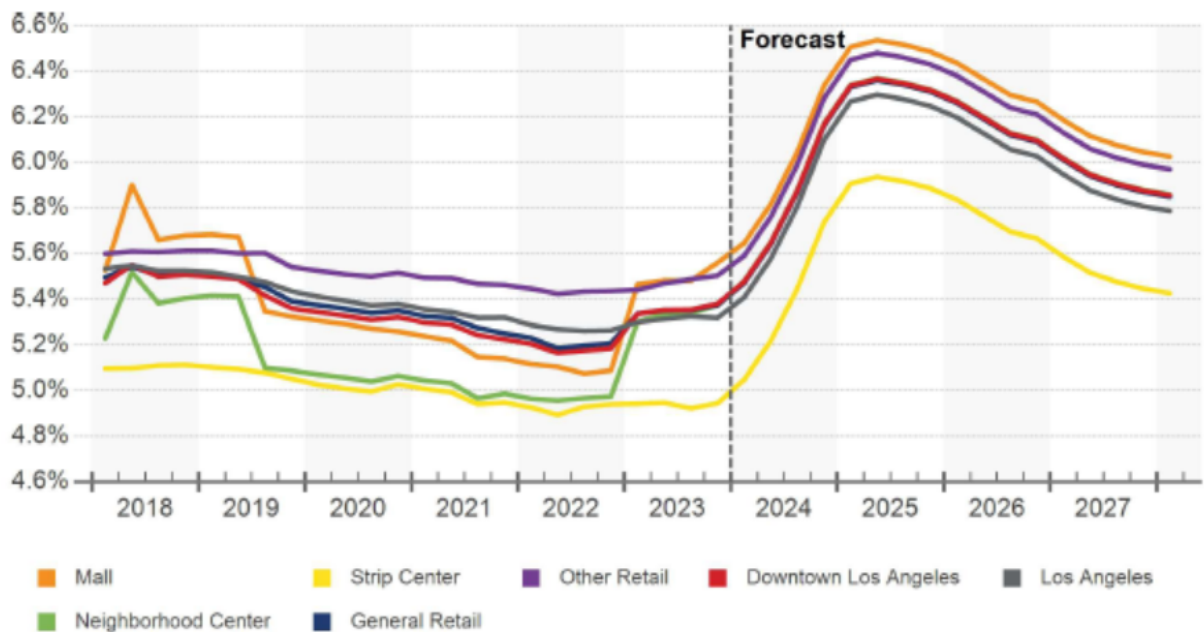
### SALES VOLUME & MARKET SALE PRICE PER SF



Many retail property sales are driven by redevelopment opportunities. For example, VIP Group Investments acquired the 11,000-SF Pico Fashion Plaza in September for \$2.83 million (\$257/SF). The multi-tenant property was built in 1947 and contained deferred maintenance, one reason why the price was significantly reduced from the asking rate of \$3.2 million.

The market price is \$390/SF, which represents the average estimated price of every retail property in the submarket. Downtown Los Angeles offers retail asset pricing similar to metro averages. However, the proximity to public transportation and significant multifamily construction offers plenty of upside potential, especially for redevelopment sites.

#### MARKET CAP RATE



## Summary and Outlook

The Los Angeles retail market continues to grapple with negative demand in response to six consecutive years of population losses and a slow recovery in tourism. Most recently, absorption, which slightly recovered in 2022, has declined by 260,000 SF over the past 12 months, similar to the annual pace from 2018 to 2021. At the same time, rising interest rates are weighing on business formation. Leasing volume from new leases was approximately 10% lower in 2023 compared to 2022.

Availability rates, in aggregate, have seesawed during this same period as an overwhelming amount of recently vacated space has come from big box store closings, including Sears, which in many cases are not available to lease. Similar to the national trend, availability in spaces over 25,000 SF had been rising for most of the past two years, but declined in the second half of 2023 largely because Target leased 126,000 SF in El Monte at a former Sears Outlet store. The lease is more of an anomaly than a trend as Target announced plans to close stores in major markets and few other retailers are leasing spaces this size. Availability has also risen in smaller spaces, particularly in those ranging from 5,000 SF to 10,000 SF.

While demand on the whole has been negative, shifts in post-pandemic shopping behavior have benefitted neighborhood centers. Availabilities in neighborhood centers, which have benefitted from strong demand from a diverse array of tenants including grocers, are declining. Consumer foot traffic has shown a clear preference for convenient centers with easy access and multiple shopping methods. Fitness companies, such as Planet Fitness and Gold's Gym, and boutique gyms, have been actively leasing space in neighborhood centers this year. This trend has benefited demand for retail in suburban submarkets, such as Mid-Cities, Antelope Valley, and those in the San Gabriel Valley, where neighborhood centers make up a larger proportion of the retail inventory.

Conversely, availabilities are growing in malls and power centers. Submarkets in the West, where tech and financial firms are clustered, are experiencing softer demand as workers are spending fewer days near their offices. Overnight travelers also help drive demand to these submarkets, such as the Downtown L.A. and Santa Monica Submarkets. However, tourism remains below pre-pandemic levels due to a slower recovery from international and business travel.

The challenges in attracting tenants have caused rent growth to flatten. Rents grew by 0.9% over the past year and have underperformed the national index since late 2019. In contrast, markets around the nation with stronger population growth are experiencing stronger rent growth.

Overall construction levels have been low for over a decade. Recent completions comprise auto dealerships and small retail pads and net deliveries total 840,000 SF over the past 12 months, growing existing inventory by less than 0.1%. Several large projects are underway, including the 400,000 SF Carson Outlets and 375,000 SF redevelopment of West Harbor in San Pedro's Ports O' Call Village, neither of which are scheduled to complete until 2025.

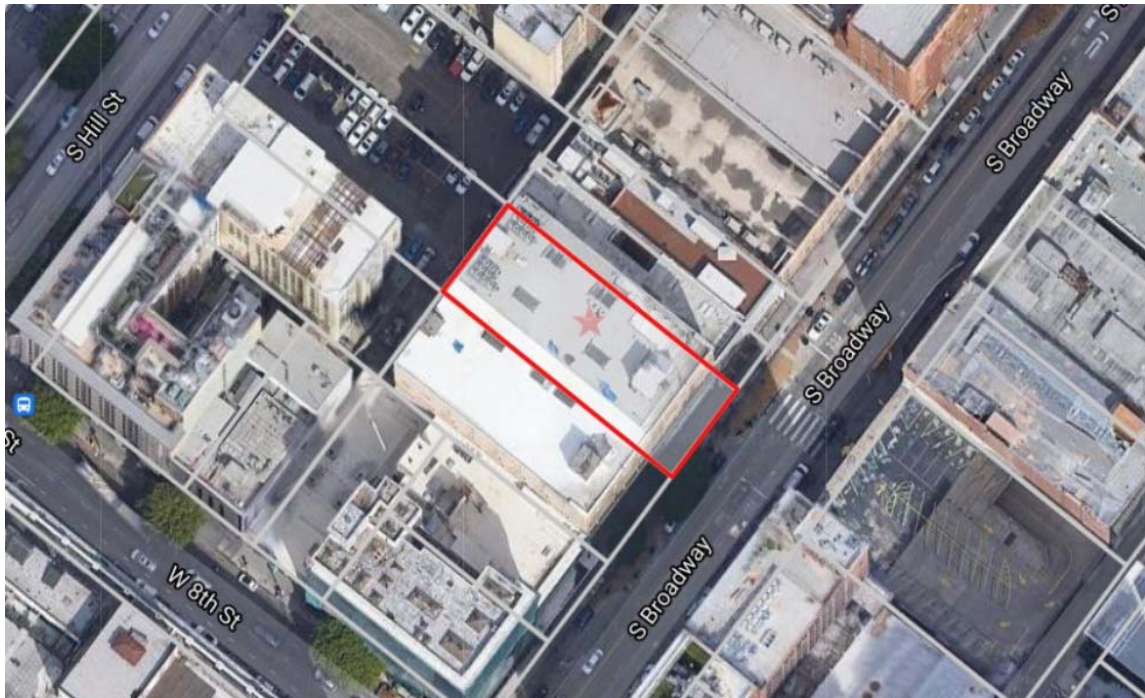
While Los Angeles is generally a very liquid market, a wider bid-ask spread, and falling valuations due to rising interest rates are impacting the market. Institutional capital drastically slowed in the past 12 months, whereas properties valued under \$5 million have continued to trade at near 2022 levels. Transaction activity was inflated in 23Q1 because many investors moved to get ahead of the ULA transfer tax.

SITE DETAILS	
<b>ADDRESS</b>	737 S. Broadway, Los Angeles, Los Angeles County, CA 90014
<b>PARCEL NUMBER</b>	5144-014-030
<b>LEGAL DESCRIPTION</b>	Lot 4 and Block 25 of Huber Tract, Map M R 2-280, City of Los Angeles, County of Los Angeles.
<b>LOCATION</b>	The subject is located on the northwest side of S. Broadway between 7th Street and 8th Street in the City of Los Angeles, County of Los Angeles.
<b>LOCATION TYPE</b>	CBD
<b>MAP LATITUDE/LONGITUDE</b>	34.04451/-118.25454
<b>CENSUS TRACT</b>	06-037-2073.01
<b>SIZE</b>	9,900 SF or 0.23 acre
<b>ZONING</b>	The parcel is zoned "[Q]C5-4D-CDO-SN," under the jurisdiction of the City of Los Angeles.
<b>PRIMARY FRONTAGE STREET</b>	S. Broadway
<b>PRIMARY FRONTAGE STREET LENGTH</b>	35 FT
<b>PRIMARY FRONTAGE COMMENTS</b>	The subject's primary frontage is along S. Broadway.
<b>ADJACENT PROPERTIES - NORTH</b>	Retail/office
<b>ADJACENT PROPERTIES - SOUTH</b>	Retail/office
<b>ADJACENT PROPERTIES - WEST</b>	Retail/office
<b>ADJACENT PROPERTIES - EAST</b>	Retail/office
<b>TRAFFIC COUNT</b>	21,551
<b>TRAFFIC COUNT YEAR</b>	2020
<b>AVERAGE DEPTH</b>	See plat map
<b>VIEW</b>	City
<b>ACCESS</b>	The subject's site has access from S. Broadway and the rear alley.
<b>INGRESS/EGRESS</b>	Pedestrian access is available on S. Broadway. Access to the rear of the building is available via rear alley or parking lot owned by adjacent property owner (assumed via access easement).
<b>SITE VISIBILITY</b>	Average
<b>STREET LIGHTING</b>	Adequate
<b>STREET CONDITION</b>	Paved
<b>SIDEWALKS</b>	Concrete
<b>CURBS AND GUTTERS</b>	Concrete
<b>LANDSCAPING</b>	The subject's landscaping is minimal.
<b>TOPOGRAPHY</b>	The subject's topography is level and at street grade.
<b>SHAPE</b>	The subject's site is rectangular.
<b>SOIL CONDITIONS AND DRAINAGE</b>	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
<b>FLOOD ZONE</b>	The site lies within Zone X (shaded). This information was obtained from the National Flood Insurance Rate Map Number 060137-06037C1617G dated December 21, 2008.





AERIAL PHOTOGRAPH

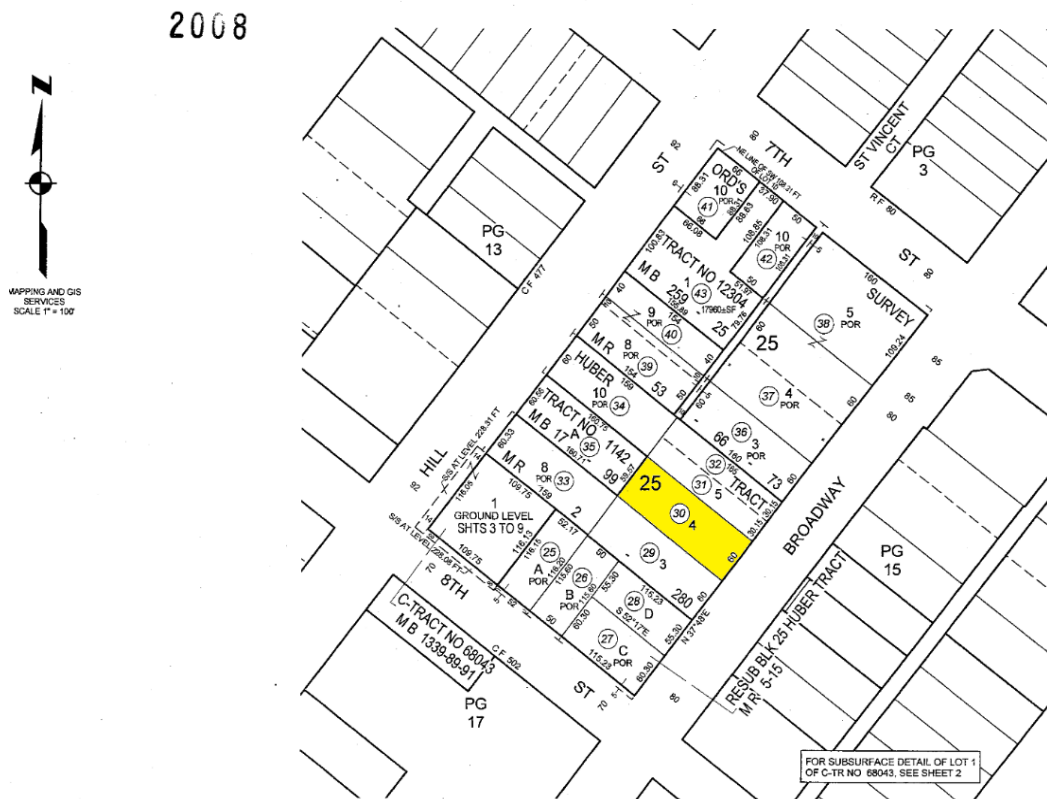




Mixed-use Creative Office / Retail Property  
24-045-04

## DESCRIPTION OF THE SITE

### PARCEL MAP



### FLOOD MAP



Mixed-use Creative Office / Retail Property  
24-045-04

## DESCRIPTION OF THE IMPROVEMENTS

### GENERAL DETAILS

**DESCRIPTION** Briefly described, the subject consists of an eight-story mixed use office/retail property in average condition, containing approximately 75,158 SF of net rentable area, constructed in 1913. The subject's site consists of approximately 9,900 SF or approximately 0.23 acre of land. The site is rectangular and is level and at street grade. No onsite parking is available.

### BUILDING DETAILS

**BUILDING NAME** 737 S. Broadway  
**BUILDING DESCRIPTION** Office Buildings  
**CONDITION** Average  
**YEAR BUILT** 1913  
**RENOVATIONS** 2021-2024  
**EFFECTIVE AGE** 15 Years  
**TOTAL ECONOMIC LIFE** 45 Years  
**REMAINING ECONOMIC LIFE** 30 Years  
**GROSS BUILDING AREA** 75,158 SF  
**NET RENTABLE AREA** 75,158 SF  
**LAND TO BUILDING RATIO** 0.13  
**FLOOR AREA RATIO (FAR)** 7.59  
**TENANT TYPE** Multi-Tenant  
**APPEAL AND APPEARANCE** Average  
**DEFERRED MAINTENANCE** From an inspection of the property, no visible items of deferred maintenance were noted.

### CONSTRUCTION DETAILS

**MARSHALL VALUATION SERVICE CLASS** C  
**MARSHALL VALUATION SERVICE QUALITY** Good  
**CONSTRUCTION TYPE** Masonry with brock  
**NUMBER OF STORIES** 8  
**FOUNDATION** Raised perimeter foundation over basement area of reinforced concrete on a reinforced concrete perimeter foundation with concrete column supports.  
**BASEMENT SIZE** 7,058  
**NUMBER OF SUBLEVELS** 1  
**FRAME** Masonry Frame  
**EXTERIOR WALLS/FINISH** Brick  
**WINDOWS** Aluminum-framed plate glass  
**ROOF TYPE** Flat  
**ROOF COVER** Asphalt Shingles  
**FLOOR PLAN LAYOUT** Average  
**FLOOR COVERING** Mostly sealed concrete  
**INTERIOR WALLS** Painted drywall and painted concrete  
**CEILING COVER** Mostly exposed  
**INTERIOR LIGHTING** Fluorescent fixtures and motion-activated LED lighting  
**RESTROOMS** Yes  
**HVAC** Package Units

Mixed-use Creative Office / Retail Property  
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## DESCRIPTION OF THE IMPROVEMENTS

**UTILITIES** All Available  
**ELECTRICAL** Assumed to be in compliance with prevailing code requirements.

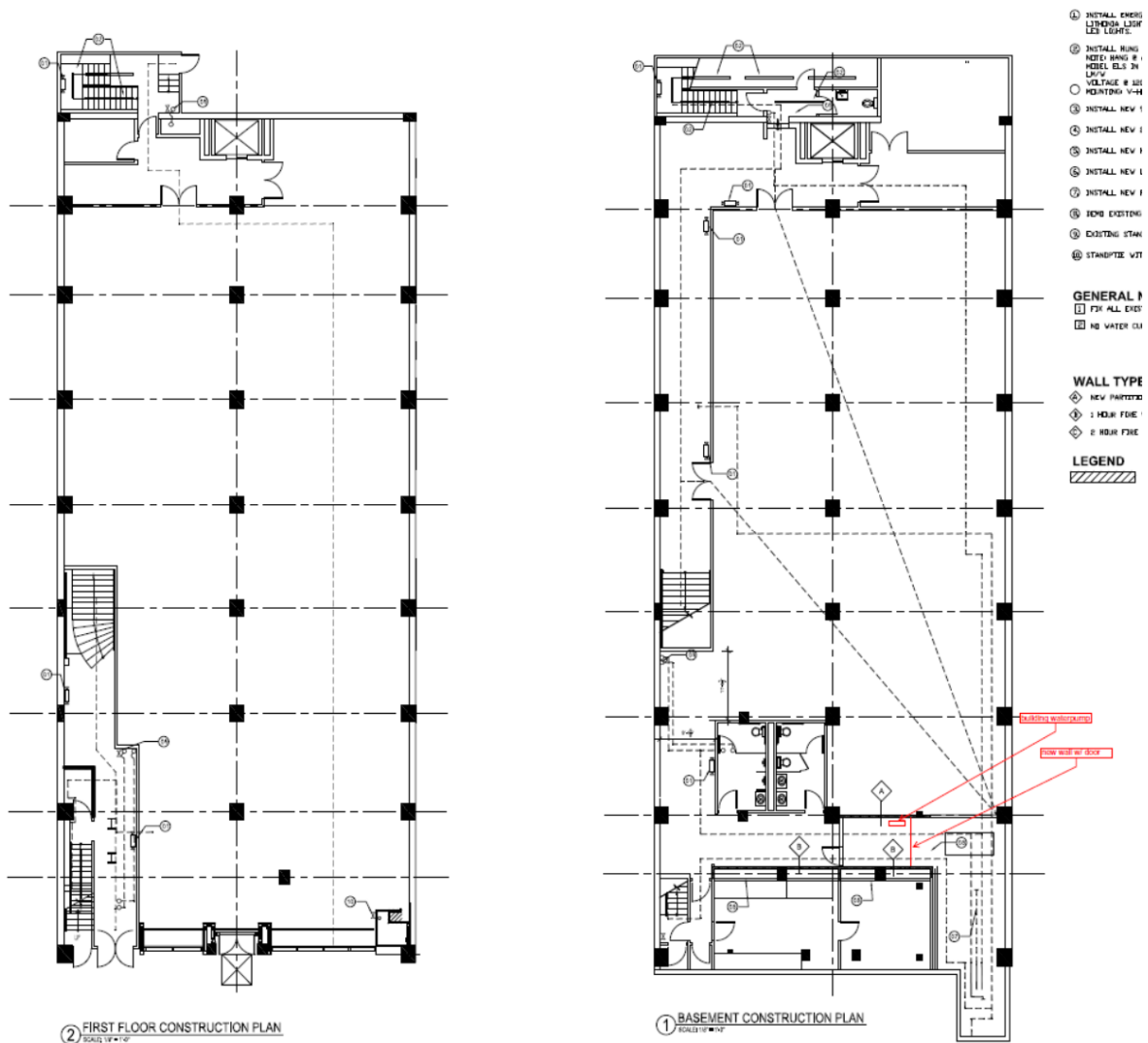
### PARKING DETAILS

**PARKING TYPE** Limited to off-site

### COMMENTS

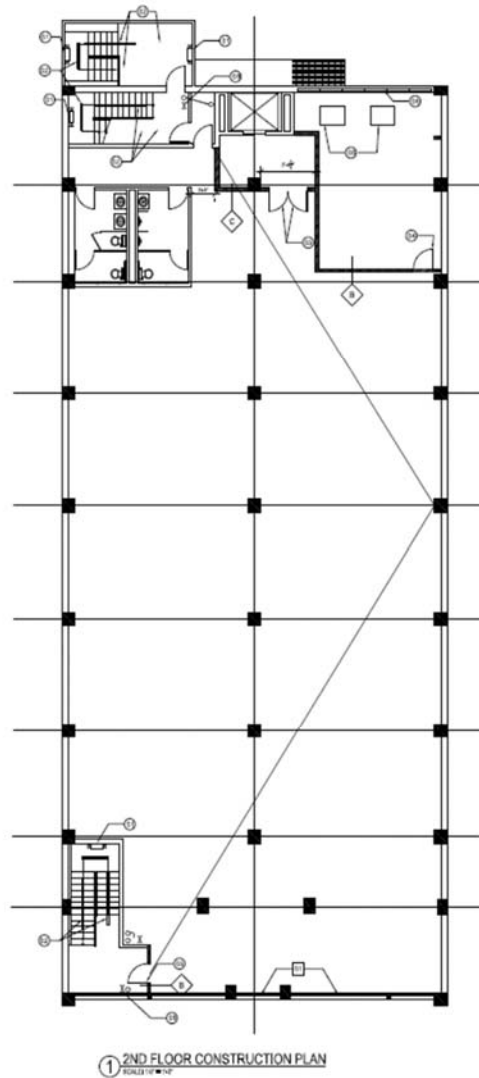
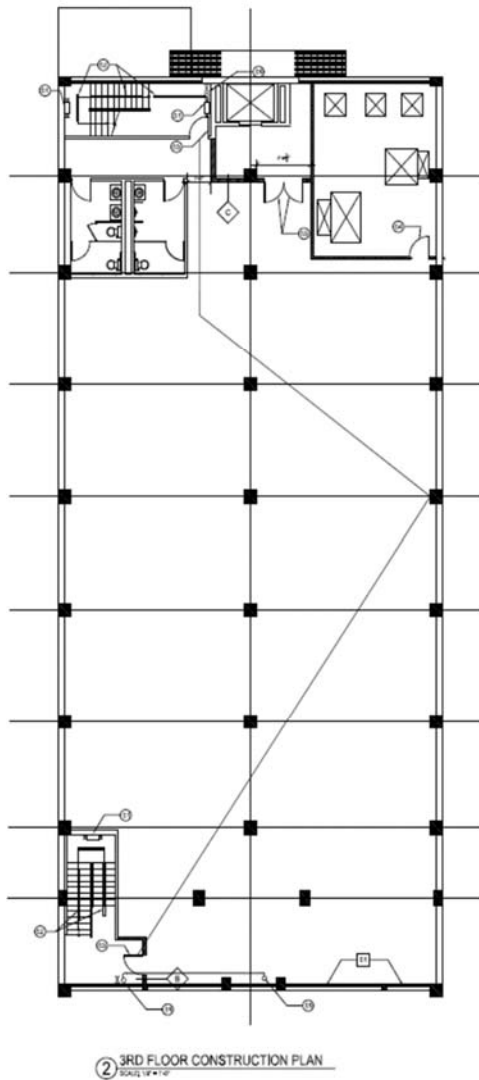
**COMMENTS** A back-up generator is available on the ground floor to the rear of the building.

### FLOOR PLANS

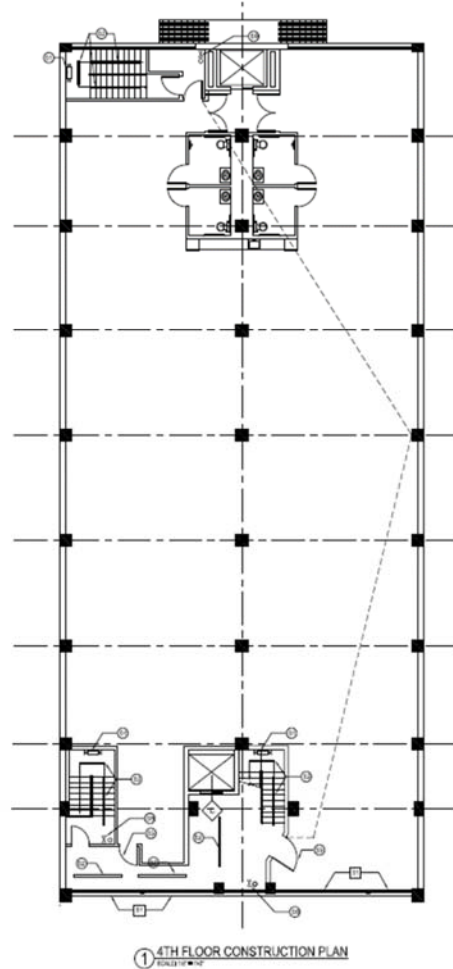
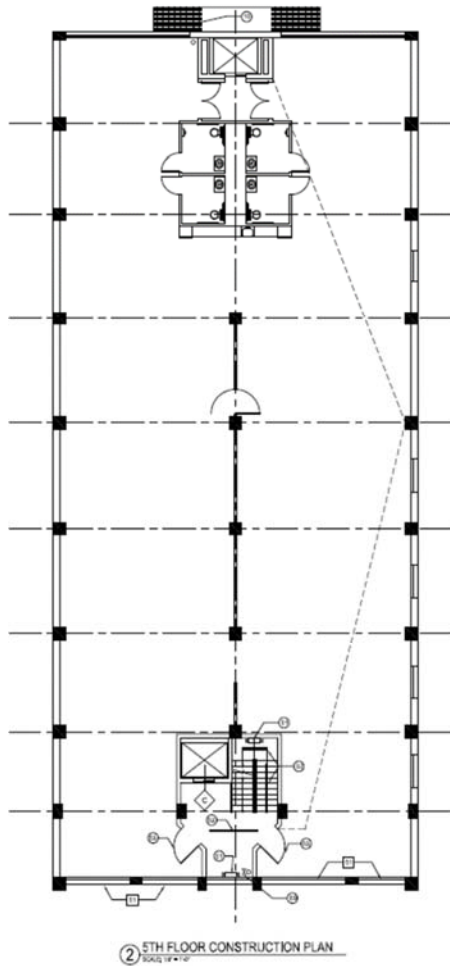


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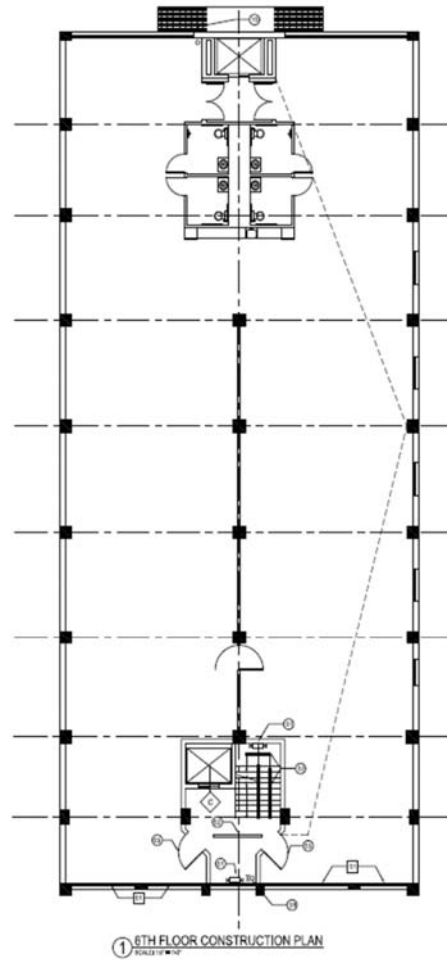
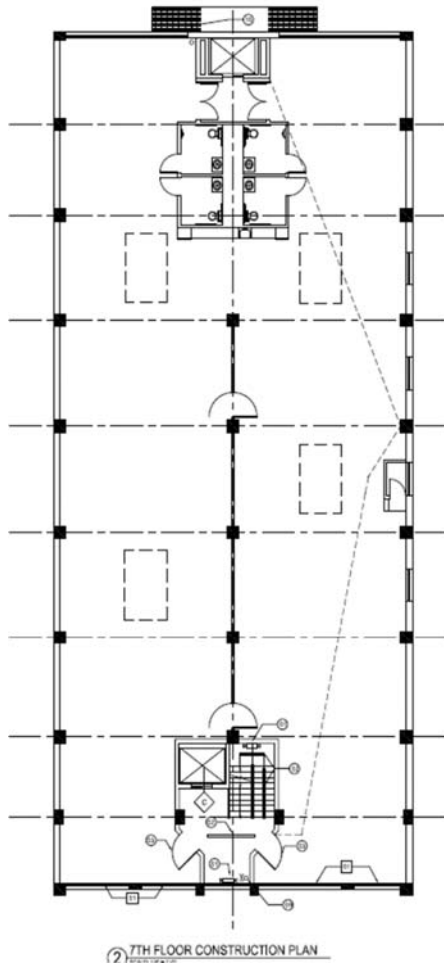
## DESCRIPTION OF THE IMPROVEMENTS



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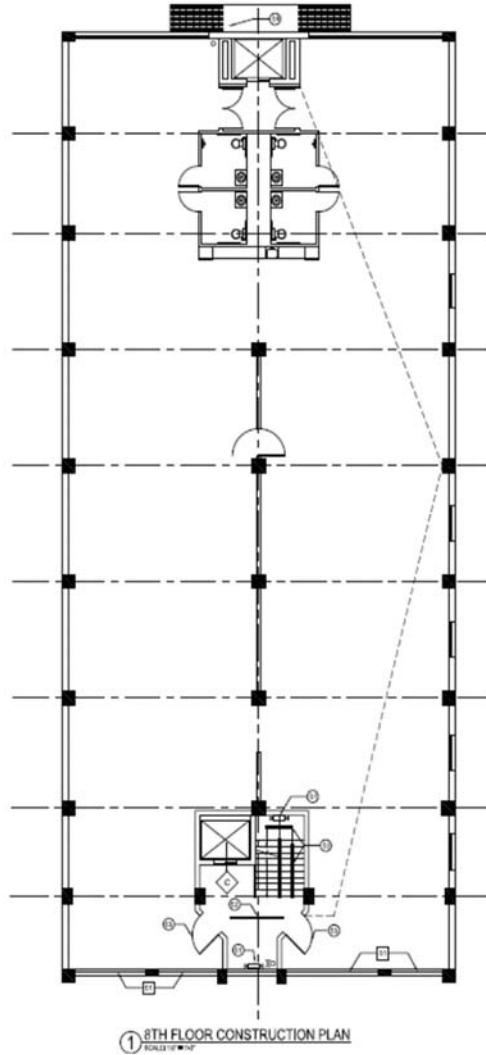
DESCRIPTION OF THE IMPROVEMENTS





Mixed-use Creative Office / Retail Property  
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## DESCRIPTION OF THE IMPROVEMENTS



## BOMA SUMMARY OF RENTABLE AREAS

737 S. Broadway  
Los Angeles, CA 90014

INVENTORY: GLOBAL SUMMARY OF AREAS  
Report Date: March 23, 2020 | D2

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Input	Input	Input & ID	= B - C	Input	Input & ID	Input & ID	= F + G	Input & ID	= H + I	Input & ID	= D - J - K	= (J + L) / J	= H * M	= (P * M) + K	= ΣD / (ΣD - ΣO)	= N * P	= Q / H
Floor Level	Boundary Area (FMS 2)	Rentable Exclusions	Floor Rentable Area	Space ID	Tenant Area (FMS 3)	Tenant Ancillary Area	Occupant Area	Building Amenity Area	Floor Usable Area	Building Service Area	Floor Service Area	Floor Allocation Ratio	Floor Allocation	Building Amenity & Service Area	Building Allocation Ratio	Rentable Area	Load Factor A
B	8,822.66	-	8,822.66	Floor B	5,995.62	-	5,996.00	-	5,996.00	2,498.55	328.11	1.054722	6,324.11	2,498.55	1.1160	7,058	1.1771
1	8,306.63	-	8,306.63	Floor 1	7,061.39	-	7,061.00	-	7,061.00	1,009.57	236.06	1.033432	7,297.06	1,009.57	1.1160	8,143	1.1532
1M	1,058.93	-	1,058.93	Floor 1M	687.12	-	687.00	-	687.00	349.80	22.12	1.032205	709.12	349.80	1.1160	791	1.1514
2	8,075.88	-	8,075.88	Floor 2	6,706.11	-	6,706.00	-	6,706.00	1,056.12	313.77	1.046789	7,019.77	1,056.12	1.1160	7,834	1.1682
3	8,077.53	-	8,077.53	Floor 3	6,696.95	-	6,699.00	-	6,699.00	1,074.90	303.63	1.045324	7,002.63	1,074.90	1.1160	7,815	1.1666
4	8,079.11	-	8,079.11	Floor 4	7,267.24	-	7,267.00	-	7,267.00	472.66	339.45	1.046712	7,606.45	472.66	1.1160	8,489	1.1682
5	8,087.00	-	8,087.00	Floor 5	7,513.25	-	7,513.00	-	7,513.00	241.69	332.31	1.044232	7,845.31	241.69	1.1160	8,795	1.1653
6	8,091.70	-	8,091.70	Floor 6	7,519.33	-	7,519.00	-	7,519.00	241.73	330.96	1.044017	7,849.96	241.73	1.1160	8,760	1.1650
7	8,089.63	-	8,089.63	Floor 7	7,521.56	-	7,522.00	-	7,522.00	241.73	325.89	1.043325	7,847.89	241.73	1.1160	8,758	1.1643
8	8,087.00	-	8,087.00	Floor 8	7,522.67	-	7,523.00	-	7,523.00	241.73	322.27	1.042838	7,845.27	241.73	1.1160	8,755	1.1638
R	382.53	-	382.53	Floor R	-	-	-	-	-	382.53	0.00	-	-	382.53	1.1160	-	1.0000
Building Totals (I)	75,158.58	-	75,158.58		64,493.25	-	64,493	-	64,493.00	7,811.00	2,854.59		67,347.59	7,811.00	1.1160	75,158	

Calculated Area or Formula  
Rentable Area

Measured Area  
Intentionally Blank

All calculations were generated from Contoured, Inc. 3D Lidar Scan Data

All values represented in SF

The subject is zoned "[Q]C5-4D-CDO-SN," Commercial Zone, under the jurisdiction of the City of Los Angeles.

**ZONE DETAILS**

<b>ZONING CODE</b>	[Q]C5-4D-CDO-SN
<b>ZONING DESCRIPTION</b>	Commercial Zone
<b>PERMITTED USES</b>	Office, retail (any uses permitted in C2 zone) and multi-family development (R4 zone uses; TOC Tier 3)
<b>SET BACK DISTANCE</b>	None
<b>BUILDING HEIGHT</b>	None
<b>PARKING</b>	Retail: 4 spaces per 1,000 SF; commercial/office/industrial: 1 space per 500 SF; a total of 172 onsite parking spaces would be required; no onsite parking is provided.

**PARCEL DETAILS**

<b>CURRENT USE</b>	Mixed-use office and retail
<b>CURRENT USE LEGALLY CONFORMING?</b>	Is a legal and non-conforming use of the site.

Based on a review of the subject in relation to the [Q]C5-4D-CDO-SN zoning district, it appears the subject is a legal and non-conforming use of the site due to shortage in parking. However, many similar properties in DTLA do not offer onsite parking with parking structures present nearby. We are not experts in determining if a property is fully in compliance with all aspects of the zoning code. We suggest interested parties obtain a letter of zoning compliance from the City of Los Angeles to determine if the subject is zoning compliant.

The subject is assessed by the Los Angeles County Tax Assessor's Office, and is taxed by Los Angeles County. The following table summarizes the subject's assessment and taxes:

<b>737 S. Broadway</b>	
Parcel ID	5144-014-030
Assessment Year	2023-2024
Tax Authority Land Value	\$2,238,693
Tax Authority Improvements Value	\$3,240,216
Total Taxable Assessment	\$5,478,909
Total Tax Rate	1.199398
Taxes	\$65,714
Special Assessments	\$16,099
Total Taxes	\$81,813

In June 1978, the California voters approved the Proposition 13 Amendment to the California State Constitution, whereby the maximum annual tax on real property is limited to one percent of "full cash value" (market value), plus a maximum of up to two percent annual inflationary factor and plus additional sums to pay for indebtedness approved by the voters on affected property. The current real estate tax liability for the subject property is calculated above.

However, with the passage of Proposition 13, taxes would be reassessed if and when the property is sold in the future. At that time, the prevailing tax rate would be applied to the new assessed value. If the subject were to be transferred, the assessment and corresponding property taxes would be reflective of the market value or sale price at the time of sale.

Therefore, this market valuation assumes real estate taxes based on the current estimated market value. The following table summarizes the subject's projected tax burden based on our concluded market value.

The subject's projected taxes are shown in the following table:

<b>737 S. Broadway</b>	
Parcel ID	5144-014-030
Projected Total Assessment	\$21,800,000
Projected Millage Rate	1.199398
Projected Taxes	\$261,469
Projected Special Assessments	\$16,099
Projected Total Taxes	\$277,568
Projected Taxes Rounded	\$278,000

The projected taxes are used in the Income Capitalization Approach (stabilized value).

#### **REASONABLENESS OF TAXES**

A subject commonly requested for inclusion in reports prepared for clients based outside California is an analysis and discussion of relative property tax rates affecting a subject property.

High property tax rates often are perceived as an influence reducing market demand, while low tax rates may increase demand. To maintain market equilibrium an influence on values may be expected as a result of tax rate and/or reassessment frequency differentials.

One of the major changes from Proposition 13 was to make tax rates and reassessment timings relatively uniform and highly predictable throughout California. The uniform statewide base tax rate is 1.000000% of assessed value. Except for a few areas with unusually high public improvement and similar bond debt assessments, property tax rates vary by only a few tenths of one percent of assessed value.

The subject property, with a total 2023-2024 tax rate of 1.199398% has a tax rate that is similar to the adjacent communities. The subject's tax rate is similar to competing properties throughout the market area.

In determining the highest and best use of the property, consideration was given to the economic, legal, and social factors that motivate investors to develop, own, buy and sell, manage, and lease real estate.

In forming an opinion of the highest and best use of a vacant parcel of land, there are essentially four stages of analysis:

- **Physically Possible Use:** What uses of the site in question are physically possible?
- **Legally Permissible Use:** What uses are permitted by zoning and deed restrictions on the site in question?
- **Financially Feasible Use:** Which possible and permissible uses will produce a gross return to the owner of the site?
- **Maximally Productive:** Among the feasible uses, which will produce the highest return or highest present worth of the site in question?

The following tests must be met in estimating the highest and best use of a vacant parcel: the potential use must be physically possible and legally permissible, there must be a profitable demand for such a use, and it must return to the land the highest net return for the longest period of time. These tests have been applied to the subject's site and are discussed as follows:

#### PHYSICALLY POSSIBLE

The site is on S. Broadway, in Los Angeles, CA. The underlying site consists of 9,900 SF or 0.23 acre. The subject's topography is level and at street grade. As noted in the Assumptions and Limiting Conditions, we know of no environmental or engineering study that has been conducted on the site to determine subsoil conditions.

Upon analysis of all physical aspects, space, size, shape, terrain, location and others the most supportable highest and best uses of the site, as it relates to physical properties, are office, mixed-use and multi-family development.

#### LEGALLY PERMISSIBLE

The subject's site is zoned "[Q]C5-4D-CDO-SN," Commercial Zone, under the jurisdiction of the City of Los Angeles, CA. Reference is made to the Zoning section of this report. Permitted uses include office, retail (any uses permitted in C2 zone) and multi-family development (R4 zone uses; TOC Tier 3).

Upon analysis of the permitted uses, the most supportable highest and best uses of the site, as it relates to what is legally permissible, are office, mixed-use and multi-family development.

#### FINANCIALLY FEASIBLE

Analysis for financially feasible uses for the site, as if vacant, involves consideration of several criteria. Unlike the physically possible and legally permissible aspects of the highest and best use analysis, many external economic factors serve to prove or disprove financial feasibility. The cost of acquisition, sources of capital, forecast of potential revenue/expenses, reversionary price forecast, property tax implications and measures of risk and yield are all determinant to this analysis. The above financial measures serve to eliminate the uses that would not provide a reasonable return to the land based on an investor's expectations.

The cost of land and its development limits the highest and best use of the site, generally to only those uses that are financially feasible.

The subject is part of Historic Core area of Downtown Los Angeles. As discussed in the market analysis section of this appraisal, office rents declined as companies downsized their office footprint due to increasing remote work trend. As vacant, prudent investors would land bank the subject property for future mixed-use commercial development when market conditions warrant.

We conclude that financially feasible uses of the site that are physically possible and legally permissible are hold for future mixed-use commercial development.

#### **MAXIMALLY PRODUCTIVE**

We considered those uses, as aforementioned, to meet the physically possible, legally permissible and financially feasible tests of the highest and best use definition. The final criteria for full compliance within the highest and best use of the subject, as vacant, is that of a maximally productive use. We conclude the maximally productive use of the site is hold for future mixed-use commercial development.

#### **HIGHEST AND BEST USE, AS IF VACANT**

A final reconciliation of the analysis leads to the conclusion that the highest and best use of the site, as if vacant, is hold for future mixed-use commercial development.

#### **HIGHEST AND BEST USE, AS IMPROVED**

We must also determine the highest and best use of the subject, as improved, by analyzing occupancy levels of various surrounding improvements, as well as the general needs within the area. Based on the current conditions of the subject's market, there appears to be no alternative use that would justify the removal or substantial alteration of the existing improvements. As such, the highest and best use of the subject, as improved, is the current improvements.



#### **IDENTIFICATION OF A LIKELY BUYER**

The most likely buyer of a property such as the subject would be an investor interested in the cash flow and appreciation potential of the property.

#### **VALUATION METHODOLOGIES**

In appraising a property, there are three traditional valuation methodologies that can be applied: the Cost, Income Capitalization and Sales Comparison Approaches. Selection of one or more of the approaches in the appraisal of a property rests primarily upon the property type and its physical characteristics, as well as the quality and quantity of available market data.

The Cost Approach is based on the premise that an informed purchaser will not pay more for a property than it would cost him or her to construct a property of similar utility. This approach is most applicable when the subject is of new or nearly new construction and the improvements represent the highest and best use of the site. This approach is also particularly useful when appraising unique or special purpose properties where there are few, if any, comparable sales or leases.

The Income Capitalization Approach is based on the fundamental investment premise that the higher a property's earnings, the higher its value. Investment in an income-producing property represents the exchange of present dollars for the right to receive future dollars. In this approach, a value indication for an income-producing property is derived by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways: one year's income expectancy can be capitalized at a market-derived capitalization rate, or alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified discount rate. The Income Capitalization Approach typically provides the most meaningful estimate of value for income-producing properties.

The Sales Comparison Approach involves delineating appropriate units of measurement from comparable sales, in order to apply them to the subject's property. Adjustments are then made to the sales prices of the comparable properties based on various shared elements. This methodology may be used to value many different types of improved properties and vacant land, as long as there is a sufficient quantity of good-quality market data available. It becomes less reliable as the quantity and magnitude of adjustments increases, and it is generally not applicable to unique or special purpose properties.

The final step in the valuation process is the reconciliation or correlation of the value indications. In the reconciliation or correlation, we consider the relative applicability of each of the approaches used, examine the range between the value indications, and place major emphasis on the approach that appears to produce the most reliable and credible result.

#### **VALUATION METHODOLOGIES APPLICABLE TO THE SUBJECT PROPERTY**

The Cost Approach was not utilized due to the subjective nature of estimating depreciation for properties with older improvements. The Income Capitalization Approach was utilized because the subject is an income producing property and there is adequate data to develop a value estimate with this approach. The Sales Comparison Approach was utilized because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

Typically, a value estimate by the Income Capitalization Approach requires an analysis of the comparable and competing market for the type of property under appraisal and an estimate of market rent for that property.

Also required in the Income Capitalization Approach is an analysis of current investment policies relative to financing and rates of return for today's income property investor.

The subject is income-producing real estate purchased for the purpose of generating net annual income or cash flow to ownership. Net income or cash flow, the primary benefit of ownership, is the basis for determining value when value is recognized as the present worth of the future economic benefits arising out of ownership to typical users or investors.

The value indicated by the Income Capitalization Approach is a reflection of a prudent investor's analysis of an income-producing property. In this approach, the direct capitalization method is used.

Future benefits are estimated by forecasting the gross earning potential of the property under prevailing and foreseeable market conditions. Appropriate allowances for vacancy and operating expenses, based on prevailing and foreseeable market trends, are then deducted from gross earnings. This process results in an estimate of net monetary benefits to ownership, which are then capitalized into a present worth.

#### **ECONOMIC PROFILE**

Briefly described, the subject consists of an eight-story mixed use office/retail property in average condition, containing approximately 75,158 SF of net rentable area, constructed in 1913. The subject's site consists of approximately 9,900 SF or approximately 0.23 acre of land. The site is rectangular and is level and at street grade. No onsite parking is available.

At the time of our previous appraisal in July 2021, the ownership's representative stated that the creative office conversion and renovation had started in 2019. Due to changes in building codes and COVID-19-related administrative delays within various city departments and vendors, completion had been delayed. At the time of the previous appraisal in July 2021, the ownership's representative stated that the conversion/renovation was nearly complete with limited utility tie-ins and inspections remaining for the issuance of occupancy certificates. The cost to complete was estimated at approximately \$300,000 at that time. The projected timeframe for completion was 60-90 days.

## THE INCOME CAPITALIZATION APPROACH

To arrive at an estimate of market rental rates for the subject, we considered the comparables presented, as well as the actual leases in place at the subject. Often, the best indication of the subject's rental capability is the actual signed leases at the property. A summary of the subject's rent roll is shown in the following table.

Rent Roll							
Rent Roll Tenant/Unit Name	Suite No.	Space Type	# of Units	SF	% of Total	Lease Term	Contract Rent* Contract Rent/SF/M
Basement	BM	Basement	1	7058	9.39%		
1st Floor Retail	1st Ret	Retail	1	8934	11.89%		
2nd Floor Office	2nd Off	Creative Office	1	7834	10.42%		
3rd Floor Office	3rd Off	Creative Office	1	7815	10.40%		
4th Floor Office	4th Off	Creative Office	1	8489	11.29%		
5th Floor Office	5th Off	Creative Office	1	8755	11.65%		
6th Floor Office	6th Off	Creative Office	1	8760	11.66%		
7th Floor Office	7th Off	Creative Office	1	8758	11.65%		
8th Floor Office	8th Off	Creative Office	1	8755	11.65%		
<b>Totals</b>			<b>9</b>	<b>75,158</b>	<b>100.00%</b>		<b>\$0</b> <b>\$0.00</b>
<b>Leased</b>			<b>0</b>	<b>0</b>	<b>0.00%</b>		
<b>Vacant</b>			<b>9</b>	<b>75,158</b>	<b>100.00%</b>		

\*Contract Rent = Annualized rent as of appraisal date

The subject is currently considered vacant. The completion of renovation and occupancy permit issuance are projected to occur within 60-90 days. Please see the extraordinary assumptions.

The occupancy by space type is further described as follows.

Occupancy						
Space Type	# Units/ Tenants	SF Total	% of Total	SF Leased	SF Vacant	% Vacant
Creative Office	7	59,166	78.72%	0	59,166	78.72%
Retail	1	8,934	11.89%	0	8,934	11.89%
Basement	1	7,058	9.39%	0	7,058	9.39%
<b>Totals</b>	<b>9</b>	<b>75,158</b>	<b>100.00%</b>	<b>0</b>	<b>75,158</b>	<b>100.00%</b>

### MARKET RENT COMPARABLES (CREATIVE OFFICE)

A search of the market was conducted for rental comparables.

The pertinent data relating to these comparables can be found on the following pages.

Lease Comparable 1



Location

<b>Name</b>	520 S. Grand Avenue	<b>County</b>	Los Angeles County
<b>Address</b>	520 S. Grand Avenue	<b>Zip</b>	90071
<b>City</b>	Los Angeles	<b>Tax Parcel ID</b>	NA
<b>State</b>	CA		

Site & Improvements

<b>NRA</b>	220,522	<b>Year Built</b>	1923
<b>No. of Floors</b>	11	<b>No. of Buildings</b>	1
<b>Land SF</b>	121,532	<b>Land Acres</b>	2.79
<b>MVS Quality</b>	Average	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.55	<b>Parking Type</b>	Surface and Garage
<b>Parking Spaces</b>	248	<b>Parking Ratio</b>	1.12

Leases

<b>Lessee</b>	<b>SF</b>	<b>Rent/SF/Mo.</b>	<b>Escalation</b>	<b>TIA</b>
<b>Lease Date</b>	<b>Lease Term</b>	<b>Lease Type</b>		<b>Concessions</b>
Trusaic	12,495	\$2.52	3%	None
7/13/22	91	Full Service Gross		None

Comments

The property is a 220,522 SF office building constructed in 1923. The property is located on Grand Avenue in Downtown Los Angeles.

Mixed-use Creative Office / Retail Property  
24-045-04

## THE INCOME CAPITALIZATION APPROACH

### Lease Comparable 2



#### Location

<b>Name</b>	816 S. Figueroa Street, Los	<b>County</b>	Los Angeles
<b>Address</b>	816 S. Figueroa Street	<b>Zip</b>	90017
<b>City</b>	Los Angeles	<b>Tax Parcel ID</b>	5144-021-035
<b>State</b>	CA		

#### Site & Improvements

<b>NRA</b>	36,452	<b>Year Built</b>	1924
<b>No. of Floors</b>	5	<b>No. of Buildings</b>	1
<b>Land SF</b>	7,841	<b>Land Acres</b>	0.18
<b>MVS Quality</b>	Average	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.22	<b>Parking Type</b>	NA
<b>Parking Spaces</b>	NA	<b>Parking Ratio</b>	NA

#### Leases

<b>Lessee</b>	<b>SF</b>	<b>Rent/SF/Mo.</b>	<b>Escalation</b>	<b>TIA</b>
<b>Lease Date</b>	<b>Lease Term</b>	<b>Lease Type</b>		<b>Concessions</b>
Creative office tenant (4th Floor, Listing)	7,353	\$2.50	Annual	NA
NA	NA	Modified Gross		NA
Office Tenant (Basement, Listing)	7,191	\$1.00	Annual	NA
NA	NA	Full Service Gross		NA

#### Comments

Creative office building located along Figueroa Street in DTLA (Financial District); creative office space features atrium lighting and the basement space has 3 rooms that can serve as conference and training rooms as well as break room with a kitchen; no onsite parking.



Mixed-use Creative Office / Retail Property  
24-045-04

**THE INCOME CAPITALIZATION APPROACH**

**Lease Comparable 3**



**Location**

<b>Name</b>	353 S. Broadway, Los Angeles, CA	<b>County</b>	Los Angeles
<b>Address</b>	353 S. Broadway	<b>Zip</b>	90013
<b>City</b>	Los Angeles	<b>Tax Parcel ID</b>	5149-015-038
<b>State</b>	CA		

**Site & Improvements**

<b>NRA</b>	34,658	<b>Year Built</b>	1913
<b>No. of Floors</b>	6	<b>No. of Buildings</b>	1
<b>Land SF</b>	5,335	<b>Land Acres</b>	0.12
<b>MVS Quality</b>	Good	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.15	<b>Parking Type</b>	NA
<b>Parking Spaces</b>	NA	<b>Parking Ratio</b>	NA

**Leases**

<b>Lessee</b>	<b>SF</b>	<b>Rent/SF/Mo.</b>	<b>Escalation</b>	<b>TIA</b>
<b>Lease Date</b>	<b>Lease Term</b>	<b>Lease Type</b>		<b>Concessions</b>
Creative office (Listing)	2,338	\$2.95	Annual	NA
NA	NA	Modified Gross		NA

**Comments**

Creative office property known as The Grayson, located along S. Broadway in downtown Los Angeles (Historic Core); features 24-hour access.



Mixed-use Creative Office / Retail Property  
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## THE INCOME CAPITALIZATION APPROACH

### Lease Comparable 4



#### Location

<b>Name</b>	300-310 S. Broadway, Los	<b>County</b>	Los Angeles
<b>Address</b>	300-310 S. Broadway	<b>Zip</b>	90013
<b>City</b>	Los Angeles	<b>Tax Parcel ID</b>	5149-019-028, 5149-019-
<b>State</b>	CA		

#### Site & Improvements

<b>NRA</b>	108,103	<b>Year Built</b>	1893
<b>No. of Floors</b>	5	<b>No. of Buildings</b>	1
<b>Land SF</b>	25,265	<b>Land Acres</b>	0.58
<b>MVS Quality</b>	Good	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.23	<b>Parking Type</b>	NA
<b>Parking Spaces</b>	NA	<b>Parking Ratio</b>	NA

#### Leases

<b>Lessee</b>	<b>SF</b>	<b>Rent/SF/Mo.</b>	<b>Escalation</b>	<b>TIA</b>
<b>Lease Date</b>	<b>Lease Term</b>	<b>Lease Type</b>		<b>Concessions</b>
Populous Group (4th Floor)	4,679	\$3.20	3%	\$7.50
12/1/23	39	Full Service Gross		3 mos
Ground floor retail (Unit 310)-Listing	3,506	\$3.50	3%	NA
NA	NA	NNN		NA
Ground floor retail (Unit 308)-Listing	1,600	\$3.75	3%	NA
NA	NA	NNN		NA

#### Comments

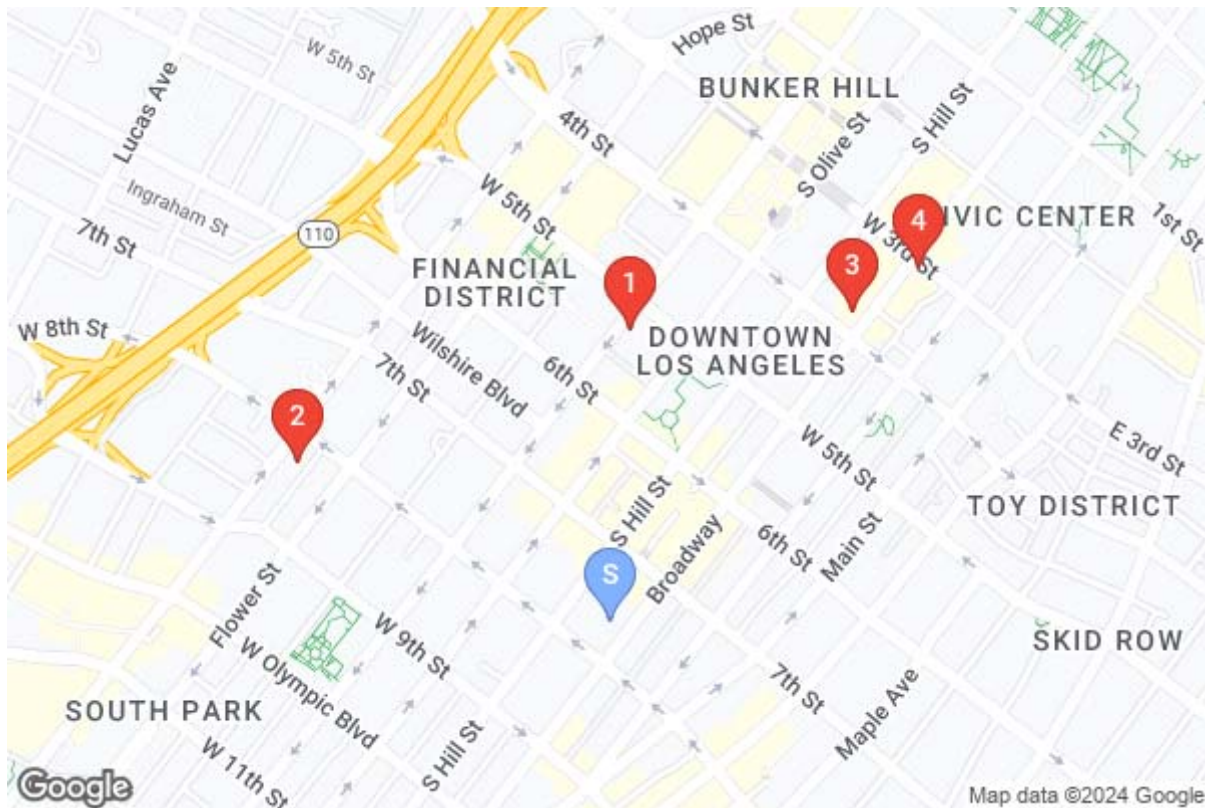
Mixed-use retail/creative office property with 5-stories of creative office suites featuring cast iron and polished wood glazed brick. Information has been sourced from Costar.

RENT COMPARABLES SUMMARY – CREATIVE OFFICE

Comp	Name Address	Year Built NRA	Occupancy
1	520 S. Grand Avenue 520 S. Grand Avenue	1923 220,522	81%
2	816 S. Figueroa Street, Los Angeles, 816 S. Figueroa Street	1924 36,452	53%
3	353 S. Broadway, Los Angeles, CA 353 S. Broadway	1913 34,658	NA
4	300-310 S. Broadway, Los Angeles, 300-310 S. Broadway	1893 108,103	92%

	Comp	Lessee	Lease Date	SF	Lease Term	Lease Type	Rent/SF/Mo.	Rent/Mo.
1	520 S. Grand Los Angeles, CA	Trusaic NA	7/13/2022 NA	12,495 NA	91 NA	Full Service NA	\$2.52 NA	\$31,487 NA
2	816 S. Figueroa Los Angeles, CA	Creative office Office Tenant	NA NA	7,353 7,191	NA NA	Modified Gross Full Service	\$2.50 \$1.00	\$18,383 \$7,191
3	353 S. Broadway, Los Angeles, CA	Creative office NA	NA NA	2,338 NA	NA NA	Modified Gross NA	\$2.95 NA	\$6,897 NA
4	300-310 S. Los Angeles, CA	Populous Group Ground floor retail Ground floor retail	12/1/2023 NA NA	4,679 3,506 1,600	39 NA NA	Full Service NNN NNN	\$3.20 \$3.50 \$3.75	\$14,973 \$12,271 \$6,000

RENT COMPARABLES MAP – CREATIVE OFFICE



### ANALYSIS OF RENT COMPARABLES – CREATIVE OFFICE

To estimate the value of the subject, an analysis of the rent comparables and the adjustments made to them is utilized to estimate a market rental rate for the subject.

#### Expenses

The prevalent lease type is modified gross. Lease Comps 1 and 4, which were leased on a FSG basis, were applied downward adjustments based on market-oriented utility expenses.

#### Market Conditions

According to CoStar Submarket Report, the 12-month asking rent growth rate was reported at -1.4% as shown below. We have applied an annual downward adjustment of 1.4%, applied monthly to all applicable Comps.

#### Overview

Downtown Los Angeles Office			
12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Asking Rent Growth
<b>129K</b>	<b>(1.1M)</b>	<b>19.9%</b>	<b>-1.4%</b>

Lease Comps 2 and 3 were current listings and appropriate listing discounts were applied.

#### Location

The adjustment for location reflects the trend that properties in areas of active growth and development, as well as those which offer good accessibility in terms of frontage on major thoroughfares, typically have a higher rental rate than properties which do not offer these attributes, with all other factors held constant.

The subject and all Comps were considered similar in terms of location and adjustments were withheld.

#### Age (Year Built)

Adjustments are applied to the comparables on the basis of age. Typically, the older a building's improvements, the lower the income it can achieve in the market and the shorter its remaining economic life; thus, it will generate a lower rental rate, with all other factors held constant. The subject was built in 1913 and recently renovated. The effective age for the property is estimated to be 15 years old.

No adjustments were warranted.

#### Parking Ratio

The subject's parking is limited to off-site. Comp 1 has limited onsite parking available. However, parking is available at additional cost to tenants. Therefore, adjustments were not necessary. All others were similar in this regard and adjustments were withheld.

#### Condition / Quality

The subject is assumed to be in good condition and quality upon completion.

Lease Comp 2 was considered inferior in this regard, warranting an upward adjustment. Lease Comps 3 and 4 were considered superior in this regard and downward adjustments were applied.

#### Unit Size

The subject's unit size ranged from a low of 7,815 SF to 8,760 SF. Considering economies of scale, Lease Comp 1 was applied an upward adjustment.

### RENT COMPARABLES ANALYSIS CONCLUSION – CREATIVE OFFICE

The previously described adjustments are summarized in the following grid. The percentage adjustments are used to show the emphasis placed on each adjustment.

Lease Analysis Grid				Comp 1	Comp 2	Comp 3	Comp 4
Name	Mixed-use Creative			520 S. Grand	816 S. Figueroa Street,	353 S. Broadway, Los	300-310 S. Broadway,
Address	737 S. Broadway			520 S. Grand Avenue	816 S. Figueroa Street	353 S. Broadway	300-310 S. Broadway
City	Los Angeles			Los Angeles	Los Angeles	Los Angeles	Los Angeles
State	CA			CA	CA	CA	CA
<b>Signed Lease</b>							
Lessee				Trusaic	Creative office tenant	Creative office (Listing)	Populous Group (4th
Lease Date				7/13/22	NA	NA	12/1/23
Rent/SF/Mo.				\$2.52	\$2.50	\$2.95	\$3.20
Lease Term				91	NA	NA	39
Lease Type				Full Service Gross	Modified Gross	Modified Gross	Full Service Gross
Concessions				None	NA	NA	3 mos
Escalation				3.00%	Annual	Annual	3.00%
<b>Transactional Adjustments</b>							
Conditions of Lease				Normal	0% Normal	0% Normal	0% Normal
Other				Similar	0% Similar	-5% Similar	-5% Similar
<b>Adjusted Rent</b>				<b>\$2.52</b>	<b>\$2.38</b>	<b>\$2.80</b>	<b>\$3.20</b>
Market	02/14/24	-1.4%		-2.22%	0.00%	0.00%	-0.29%
<b>Expenses</b>				<b>-\$0.25</b>			<b>-\$0.25</b>
<b>Adjusted Rent</b>				<b>\$2.21</b>	<b>\$2.38</b>	<b>\$2.80</b>	<b>\$2.94</b>
<b>Property Adjustments</b>							
Location	Downtown LA			Similar	Superior	Similar	Similar
% Adjustment	Broadway			0%	-5%	0%	0%
\$ Adjustment				\$0.00	-\$0.12	\$0.00	\$0.00
Year Built	1913			1923	1924	1913	1893
% Adjustment				0%	0%	0%	0%
\$ Adjustment				\$0.00	\$0.00	\$0.00	\$0.00
Parking Ratio	None			1.12	NA	NA	NA
% Adjustment				0%	0%	0%	0%
\$ Adjustment				\$0.00	\$0.00	\$0.00	\$0.00
Condition/Quality	Good			Similar	Inferior	Superior	Superior
% Adjustment	Assumed			0%	5%	-10%	-10%
\$ Adjustment				\$0.00	\$0.12	-\$0.28	-\$0.29
SF	7,815-8,760			12,495	7,353	2,338	4,679
% Adjustment				10%	0%	0%	0%
\$ Adjustment				\$0.22	\$0.00	\$0.00	\$0.00
<b>Adjusted Rent</b>				<b>\$2.44</b>	<b>\$2.38</b>	<b>\$2.52</b>	<b>\$2.65</b>
<b>Property Adjustments (Net)</b>				10%	0%	-10%	-10%
<b>Property Adjustments (Gross)</b>				10%	10%	10%	10%

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**MARKET RENT COMPARABLES (RETAIL)**

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A search of the market was conducted for rental comparables.

The pertinent data relating to these comparables can be found on the following pages.



Lease Comparable 1



Location

<b>Name</b>	727 W. 7th Street, Los	<b>County</b>	Los Angeles
<b>Address</b>	727 W. 7th Street	<b>Zip</b>	90017
<b>City</b>	Los Angeles	<b>Tax Parcel ID</b>	5144-029-010, 5144-029-
<b>State</b>	CA		

Site & Improvements

<b>NRA</b>	185,040	<b>Year Built</b>	1927
<b>No. of Floors</b>	12	<b>No. of Buildings</b>	1
<b>Land SF</b>	34,412	<b>Land Acres</b>	0.79
<b>MVS Quality</b>	Good	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.19	<b>Parking Type</b>	Covered
<b>Parking Spaces</b>	126	<b>Parking Ratio</b>	.68

Leases

<b>Lessee</b>	<b>SF</b>	<b>Rent/SF/Mo.</b>	<b>Escalation</b>	<b>TIA</b>
<b>Lease Date</b>	<b>Lease Term</b>	<b>Lease Type</b>		<b>Concessions</b>
Northern Café	4,600	\$4.25	3%	\$0.00
1/1/23	120	NNN		4 mos

Comments

222-unit multifamily property with ground floor retail units, located in the Financial District within DTLA.



Lease Comparable 2



Location

<b>Name</b>	120 E. 8th Street	<b>County</b>	Los Angeles
<b>Address</b>	120 E. 8th Street	<b>Zip</b>	90014
<b>City</b>	Los Angeles	<b>Tax Parcel ID</b>	5145-014-001
<b>State</b>	CA		

Site & Improvements

<b>NRA</b>	92,800	<b>Year Built</b>	1923
<b>No. of Floors</b>	9	<b>No. of Buildings</b>	1
<b>Land SF</b>	9,583	<b>Land Acres</b>	0.22
<b>MVS Quality</b>	Average	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.10	<b>Parking Type</b>	None
<b>Parking Spaces</b>	NA	<b>Parking Ratio</b>	NA

Leases

<b>Lessee</b>	<b>SF</b>	<b>Rent/SF/Mo.</b>	<b>Escalation</b>	<b>TIA</b>
<b>Lease Date</b>	<b>Lease Term</b>	<b>Lease Type</b>		<b>Concessions</b>
Civil Code	1,600	\$3.75	4%	N/A
2/1/22	60	NNN		4 Months

Comments

The property is a 92,800 SF retail / office building constructed in 1923 located in the LA Fashion District; according to the leasing brochure, it represented a 2nd generation coffee space.

Lease Comparable 3



Location

<b>Name</b>	603 S. Spring Street	<b>County</b>	Los Angeles
<b>Address</b>	603 S. Spring Street	<b>Zip</b>	90014
<b>City</b>	Los Angeles	<b>Tax Parcel ID</b>	5144-002-016 & 017
<b>State</b>	CA		

Site & Improvements

<b>NRA</b>	112,017	<b>Year Built</b>	1925
<b>No. of Floors</b>	9	<b>No. of Buildings</b>	1
<b>Land SF</b>	23,087	<b>Land Acres</b>	0.53
<b>MVS Quality</b>	Average	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.21	<b>Parking Type</b>	Garage
<b>Parking Spaces</b>	NA	<b>Parking Ratio</b>	NA

Leases

<b>Lessee</b>	<b>SF</b>	<b>Rent/SF/Mo.</b>	<b>Escalation</b>	<b>TIA</b>
<b>Lease Date</b>	<b>Lease Term</b>	<b>Lease Type</b>		<b>Concessions</b>
Clothing Tenant	1,060	\$3.00	3%	None
2/1/23	36	NNN		None

Comments

The property is a mixed-use: retail / residential property constructed in 1925. The reflected lease is a contract rate for a retail storefront space (clothing store). The operating expense was at \$200 per month for the clothing tenant.

Lease Comparable 4



Location

<b>Name</b>	655 S. Hope Street, Los	<b>County</b>	Los Angeles
<b>Address</b>	655 S. Hope Street	<b>Zip</b>	90017
<b>City</b>	Los Angeles	<b>Tax Parcel ID</b>	5144-006-033
<b>State</b>	CA		

Site & Improvements

<b>NRA</b>	116,651	<b>Year Built</b>	1964
<b>No. of Floors</b>	17	<b>No. of Buildings</b>	1
<b>Land SF</b>	11,761	<b>Land Acres</b>	0.27
<b>MVS Quality</b>	Good	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.10	<b>Parking Type</b>	NA
<b>Parking Spaces</b>	NA	<b>Parking Ratio</b>	NA

Leases

<b>Lessee</b>	<b>SF</b>	<b>Rent/SF/Mo.</b>	<b>Escalation</b>	<b>TIA</b>
<b>Lease Date</b>	<b>Lease Term</b>	<b>Lease Type</b>		<b>Concessions</b>
Ono Hawaiian BBQ	3,200	\$3.95	3%	NA
9/1/23	120	NNN		NA

Comments

80-unit mixed-use retail/residential property located in Financial District of DTLA; it was a former QSR space (vented) that was leased to Ono Hawaiian BBQ.

Lease Comparable 5



Location

<b>Name</b>	300-310 S. Broadway, Los	<b>County</b>	Los Angeles
<b>Address</b>	300-310 S. Broadway	<b>Zip</b>	90013
<b>City</b>	Los Angeles	<b>Tax Parcel ID</b>	5149-019-028, 5149-019-
<b>State</b>	CA		

Site & Improvements

<b>NRA</b>	108,103	<b>Year Built</b>	1893
<b>No. of Floors</b>	5	<b>No. of Buildings</b>	1
<b>Land SF</b>	25,265	<b>Land Acres</b>	0.58
<b>MVS Quality</b>	Good	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.23	<b>Parking Type</b>	NA
<b>Parking Spaces</b>	NA	<b>Parking Ratio</b>	NA

Leases

<b>Lessee</b>	<b>SF</b>	<b>Rent/SF/Mo.</b>	<b>Escalation</b>	<b>TIA</b>
<b>Lease Date</b>	<b>Lease Term</b>	<b>Lease Type</b>		<b>Concessions</b>
Populous Group (4th Floor)	4,679	\$3.20	3%	\$7.50
12/1/23	39	Full Service Gross		3 mos
Ground floor retail (Unit 3 NA)	3,506	\$3.50	3%	NA
	NA	NNN		NA
Ground floor retail (Unit 3 NA)	1,600	\$3.75	3%	NA
	NA	NNN		NA

Comments

Mixed-use retail/creative office property with 5-stories of creative office suites featuring cast iron and polished wood glazed brick. Information has been sourced from Costar.





### ANALYSIS OF RENT COMPARABLES - RETAIL

To estimate the value of the subject, an analysis of the rent comparables and the adjustments made to them is utilized to estimate a market rental rate for the subject.

#### Expenses

The prevalent lease type is NNN, which generally holds tenants responsible for all operating expenses. No adjustments were warranted.

#### Market Conditions

According to CoStar Retail Submarket Report, the 12-month asking rent growth rate was reported at 0.5%. An annual upward adjustment of 0.5% was applied to all applicable Comps, prorated monthly.

#### Overview

Downtown Los Angeles Retail			
12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Asking Rent Growth
227K	205K	7.1%	0.5%

Lease Comp 5 was applied a listing discount.

#### Location

The adjustment for location reflects the trend that properties in areas of active growth and development, as well as those which offer good accessibility in terms of frontage on major thoroughfares, typically have a higher rental rate than properties which do not offer these attributes, with all other factors held constant.

The subject and all Rental Comps were considered to be similar in terms of location and adjustments were withheld.

#### Age (Year Built)

Adjustments are applied to the comparables on the basis of age. Typically, the older a building's improvements, the lower the income it can achieve in the market and the shorter its remaining economic life; thus, it will generate a lower rental rate, with all other factors held constant. The subject was built in 1913 (recently renovated). The effective age for the property is estimated to be 15 years old.

Logical adjustments were applied.

#### Parking Ratio

The subject's parking is limited to off-site. Lease Comp 1 was superior in this regard and a downward adjustment was applied.

#### Unit Size

The subject's unit size is 8,934 SF. No adjustments were applied.

#### Buildout

Reportedly, the subject's ground floor retail unit was formerly leased by Gap. The subject's retail space represents a second-generation retail space.

Lease Comps 1, 2, 4 were applied downward adjustments due to superior buildouts (café and food-related). Lease Comp 3 with inferior buildout was applied an upward adjustment. An adjustment was withheld for Lease Comp 5.



Mixed-use Creative Office / Retail Property  
24-045-04

## THE INCOME CAPITALIZATION APPROACH

### RENT COMPARABLES ANALYSIS CONCLUSION – RETAIL

The previously described adjustments are summarized in the following grid. The percentage adjustments are used to show the emphasis placed on each adjustment.

Lease Analysis Grid			Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	Mixed-use Creative		727 W. 7th Street,	120 E. 8th Street	603 S. Spring Street	655 S. Hope Street,	300-310 S. Broadway,
Address	737 S. Broadway		727 W. 7th Street	120 E. 8th Street	603 S. Spring Street	655 S. Hope Street	300-310 S. Broadway
City	Los Angeles		Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles
State	CA		CA	CA	CA	CA	CA
<b>Signed Lease</b>							
Lessee			Northern Café	Civil Code	Clothing Tenant	Ono Hawaiian BBQ	Ground floor retail (Unit 310)-Listing
Lease Date			1/1/23	2/1/22	2/1/23	9/1/23	NA
Rent/SF/Mo.			\$4.25	\$3.75	\$3.00	\$3.95	\$3.50
Lease Term			120	60	36	120	NA
Lease Type			NNN	NNN	NNN	NNN	NNN
Concessions			4 mos	4 Months	None	NA	NA
Escalation			3.00%	4.00%	3.00%	3.00%	3.00%
<b>Transactional Adjustments</b>							
Conditions of Lease			Normal	0% Normal	0% Normal	0% Normal	0% Listing -5%
Other			Similar	0% Similar	0% Similar	0% Similar	0% Similar 0%
<b>Adjusted Rent</b>			<b>\$4.25</b>	<b>\$3.75</b>	<b>\$3.00</b>	<b>\$3.95</b>	<b>\$3.33</b>
Market	2/14/24	0.5%	0.56%	1.02%	0.52%	0.23%	0.00%
<b>Expenses</b>							
<b>Adjusted Rent</b>			<b>\$4.27</b>	<b>\$3.79</b>	<b>\$3.02</b>	<b>\$3.96</b>	<b>\$3.33</b>
<b>Property Adjustments</b>							
Location	Downtown LA		Similar	Similar	Similar	Similar	Similar
% Adjustment	Broadway		0%	0%	0%	0%	0%
\$ Adjustment			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Year Built	1913		1927	1923	1925	1964	1893
% Adjustment			0%	0%	0%	-5%	5%
\$ Adjustment			\$0.00	\$0.00	\$0.00	-\$0.20	\$0.17
Parking Ratio	None		0.68	NA	NA	NA	NA
% Adjustment			-5%	0%	0%	0%	0%
\$ Adjustment			-\$0.21	\$0.00	\$0.00	\$0.00	\$0.00
SF	8,934		4,600	1,600	1,060	3,200	3,506
% Adjustment			0%	0%	0%	0%	0%
\$ Adjustment			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Buildout	Retail		Superior	Superior	Inferior	Superior	Similar
% Adjustment	2nd Gen. Space		-5%	-5%	10%	-5%	0%
\$ Adjustment			-\$0.21	-\$0.19	\$0.30	-\$0.20	\$0.00
<b>Adjusted Rent</b>			<b>\$3.85</b>	<b>\$3.60</b>	<b>\$3.32</b>	<b>\$3.56</b>	<b>\$3.49</b>
<b>Property Adjustments (Net)</b>			-10%	-5%	10%	-10%	5%
<b>Property Adjustments (Gross)</b>			10%	5%	10%	10%	5%

### MARKET RENT CONCLUSION – CREATIVE OFFICE AND RETAIL

For the creative office analysis, Lease Comps indicated an adjusted range of \$2.44/SF/Mo to \$2.65/SF/Mo with an average of \$2.52/SF/Mo on a modified gross basis. The indicated adjusted range is relatively narrow. A market rent of \$2.50/SF/Mo on a modified gross basis was concluded for the subject creative office spaces.

For the retail analysis, Lease Comps indicated an adjusted range of \$3.32/SF/Mo to \$3.85/SF/Mo with an average of \$3.56/SF/Mo on a NNN basis. Lease Comp 5 is located along S. Broadway and indicated an adjusted rate of \$3.49/SF/Mo NNN. A market rent of \$3.50/SF/Mo on a NNN basis was concluded for the subject ground floor retail space.

### MARKET RENT - BASEMENT

The subject's basement space was unfinished as of the date of our inspection. While the retail tenant may be able to utilize basement space in conjunction with the ground floor retail space, typical buyer of the subject property would underwrite it as storage space. Therefore, we have presented the following storage space Rentals in support of our concluded market rent.

Location	Size (SF)	Space Type	Starting/Asking Rent	Lease Start
816 S. Figueroa St., LA	7,191	Basement	\$1.00/SF/Mo FSG	Listing
300 S. Broadway., LA	1,600	Basement	\$1.00/SF/Mo MG	Listing

Considering the subject unit's size and its central location within downtown Los Angeles, we have concluded to a market rent of \$1.00/SF/Mo on a modified gross basis for the subject.

Therefore, based on the information presented, we conclude to the following market rate rental schedule. The following table summarizes market rent by space type at the subject.

Market Rent by Space Type					
Space Type	Rent	Method	Increases	Type	Term
Creative Office	\$2.50	\$/SF/Month	CPI	Modified Gross	3-5 Years
Retail	\$3.50	\$/SF/Month	CPI	NNN	3-5 Years
Basement	\$1.00	\$/SF/Month	CPI	Modified Gross	3-5 Years

### INCOME PROJECTION

An analysis of the potential gross income for the occupied space, the vacant space and a summary are as follows:

Base Rental Revenue - Occupied Space							
Occupied Space	SF	Units	Contract Rent	Contract Rent/SF/Mo.	Market Rent	Market Rent/SF/Mo.	Contract V. Mkt. Rent
Occupied Space Totals	0	0	\$0		\$0		

\*Contract Rent = Annualized rent as of appraisal date

Base Rental Revenue - Vacant Space				
Vacant Space	SF	Units	Market Rent	Market Rent/SF/Mo.
Creative Office	59,166	7	\$1,774,980	\$2.50
Retail	8,934	1	\$375,228	\$3.50
Basement	7,058	1	\$84,696	\$1.00
Vacant Space Totals	75,158	9	\$2,234,904	\$2.48

The subject is currently considered vacant. Market rent was used to project rental income for the subject.

### Absorption

The subject is currently vacant. The projected timeframe for completion and the issuance of occupancy permits are 60-90 days according to the ownership's representative.

Creative Office Lease Up Schedule and Cost Summary			
Creative Office Lease Up		59,166	
Creative Office Stabilized Occupancy Rate		93%	
Creative Office Stabilized Occupancy SF		55,024	
Creative Off Avg Mo Rent (\$/SF/Mo)		\$2.50	
Months	Leased	Balance	Rent
Month 1	0	55,024	\$137,561
Month 2	0	55,024	\$137,561
Month 3	0	55,024	\$137,561
Month 4	0	55,024	\$137,561
Month 5	0	55,024	\$137,561
Month 6	0	55,024	\$137,561
Month 7	0	55,024	\$137,561
Month 8	0	55,024	\$137,561
Month 9	0	55,024	\$137,561
Month 10	0	55,024	\$137,561
Month 11	0	55,024	\$137,561
Month 12	0	55,024	\$137,561
Month 13	7,834	47,190	\$117,976
Month 14	7,815	39,375	\$98,438
Month 15	8,489	30,886	\$77,216
Month 16	8,755	22,131	\$55,328
Month 17	8,760	13,371	\$33,428
Month 18	8,758	4,613	\$11,533
Total Rent Loss			\$2,044,652
Total NNN Exp Loss			\$0
Free Rent (5 mos)			\$687,805
Leasing Commissions (3 years 5%)			\$412,683
TI (\$10/SF)			\$550,244
<b>Creative Office Total</b>			<b>\$3,695,384</b>

Based on the concluded vacancy rate, market rent, absorption period and other leasing assumptions, above absorption cost was estimated for the subject's creative office units. According to CoStar Submarket Report, months vacant was reported at 12.4 months as of 4Q23.

Retail Lease Up Schedule and Cost Summary			
Retail Lease Up SF		8,934	
Retail Stabilized Occupancy Rate		95%	
Retail Stabilized Occupancy SF		8,487	
Retail Average Monthly Rent (\$/SF/Mo)		\$3.50	
Months	Leased	Balance	Rent
Month 1	0	8,487	\$29,706
Month 2	0	8,487	\$29,706
Month 3	0	8,487	\$29,706
Month 4	0	8,487	\$29,706
Month 5	0	8,487	\$29,706
Month 6	0	8,487	\$29,706
Month 7	0	8,487	\$29,706
Month 8	0	8,487	\$29,706
Month 9	0	8,487	\$29,706
Month 10	0	8,487	\$29,706
Month 11	0	8,487	\$29,706
Month 12	8,487	0	\$0
Total Rent Loss			\$326,761
Total NNN Exp Loss		\$0.62	\$63,624
Free Rent (5 mos)			\$148,528
Leasing Commissions (5 years, 5%)			\$89,117
TI (\$0 per SF)			\$0
<b>Retail Total</b>			<b>\$628,030</b>

Based on the concluded vacancy rate, market rent, absorption period and other leasing assumptions, the above absorption cost was estimated for the subject's retail unit. According to CoStar Submarket Report, months vacant was reported at 7.5 months as of 4Q23. Months on market was reported at 9.2 months. We have considered the size and other various factors of the subject's retail unit in concluding to an appropriate lease-up period for the subject.

Basement Lease Up Schedule and Cost Summary			
Basement Lease Up		7,058	
Basement Stabilized Occupancy Rate		95%	
Basement Stabilized Occupancy SF		6,705	
Basement Average Monthly Rent (\$/SF/Mo)		\$1.00	
Months	Leased	Balance	Rent
Month 1	0	6,705	\$6,705
Month 2	0	6,705	\$6,705
Month 3	0	6,705	\$6,705
Month 4	0	6,705	\$6,705
Month 5	0	6,705	\$6,705
Month 6	6,705	0	\$0
Total Rent Loss			\$33,526
Total NNN Exp Loss			0
Free Rent			0
Leasing Commissions (3 years, 5%)			\$12,069
TI			0
<b>Basement Total</b>			<b>\$45,595</b>

Based on the concluded vacancy rate, market rent, absorption period and other leasing assumptions, the above absorption cost was estimated for the subject basement unit.

<b>Total Lease Up Cost</b>		<b>\$4,369,008</b>
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### Expense Reimbursement Revenue

The expense comparables for this category and the appraisers' projected income are exhibited below.

Expense Reimbursement Revenue					
Expense Comp	1	2	3	4	5
Amount	\$65,202	\$22,844	\$241,293	\$0	\$913,220
Per SF	\$1.03	\$0.38	\$2.86	\$0.00	\$4.70
% of EGI	4.35%	1.23%	9.26%	0.00%	20.86%

Expense Reimbursement Revenue - Subject	
Direct Cap Projection	
Amount	\$66,973
Per SF	\$0.89
% of EGI	3.15%

Expense reimbursement revenue would be expected from the retail unit only, which is expected to be leased on a NNN basis. Administrative and reserves expenses were excluded from the reimbursement pool. The prorated share of operating expenses is 11.89%.

### Vacancy and Collection Loss

Vacancy and collection loss reflects the fact that most income-producing properties have a certain amount of vacancy and rental income loss. The vacancy factor is determined primarily by current market conditions; however, other determinants such as management competency can also affect this factor.



CoStar's retail submarket reported a vacancy rate of 7.1%. CoStar's office submarket reported a vacancy rate of 19.9%. However, creative office properties would warrant a lower vacancy rate. We have projected a stabilized vacancy factor of 7% for the creative office and basement spaces. We have projected stabilized vacancy factor of 5% for the retail spaces. The weighted average vacancy and collection loss rate was calculated at 7.76% as shown below.

The appraisers' projected expense is exhibited below.

Weighted Average Vacancy Rate Calculation				
Unit Type	Unit Size	% of Total	Vacancy Rate	Weighted Average
Retail	8934	11.89%	5%	0.59%
Office, Basement	66224	88.11%	7%	6.17%
Total	75158	100.00%		6.76%
			Collection Losses	1.00%
Total General Vacancy and Collection Losses				<b>7.76%</b>

Projection - Vacancy and Collection Loss - Subject	
	Direct Cap Projection
Amount	(\$178,626)
Per SF	(\$2.38)
% of PGI	(7.76%)

#### POTENTIAL AND EFFECTIVE GROSS INCOME

The potential gross income figure includes base rent plus operating expenses reimbursements and miscellaneous income (if any). Effective gross income is income remaining after an allowance for vacancy and collection loss has been made. The following displays our projected year one income.

Unit/Space Type	SF/Units	Total	Rent	% of Rent
Creative Office	59,166	\$1,774,980	\$2.50	79.42%
Retail	8,934	\$375,228	\$3.50	16.79%
Basement	7,058	\$84,696	\$1.00	3.79%
Base Rental Revenue:		<b>\$2,234,904</b>		<b>100.00%</b>
		Total	\$/SF	% of Rent
Base Rental Revenue		\$2,234,904	\$29.74	100.00%
Expense Reimbursement Revenue		\$66,973	\$0.89	3.00%
Potential Gross Income		<b>\$2,301,877</b>	<b>\$30.63</b>	<b>103.00%</b>
Vacancy and Collection Loss @ 7.76%		<b>(\$178,626)</b>	<b>(\$2.38)</b>	
Effective Gross Income		<b>\$2,123,251</b>	<b>\$28.25</b>	<b>95.00%</b>

The subject's projected EGI is exhibited below.

Effective Gross Income - Subject	
	Direct Cap Projection
Amount	\$2,123,251
Per SF	\$28.25
% of EGI	100.00%

### EXPENSE PROJECTION

Typical deductions from the calculated effective gross income fall into two categories for real property, those being fixed and variable expenses. The subject's operating history was not available. Therefore, data from competing properties in the subject's market was analyzed in estimating appropriate expenses for the subject.

	Direct Cap Projection	
	Amounts	\$/SF
Base Rental Revenue	\$2,234,904	\$29.74
Expense Reimbursement Revenue	\$66,973	\$0.89
Potential Gross Income	\$2,301,877	\$30.63
Vacancy and Collection Loss	(\$178,626)	(\$2.38)
Effective Gross Income	\$2,123,251	\$28.25
	Amounts	\$/SF
Real Estate Taxes	\$278,000	\$3.70
Insurance	\$30,063	\$0.40
Utilities	\$22,547	\$0.30
Repairs and Maintenance	\$169,106	\$2.25
Management Fee	\$63,698	\$0.85
Administrative	\$15,032	\$0.20
Reserves	\$18,790	\$0.25
Total Operating Expenses	\$597,235	\$7.95
Expense Ratio	28.13%	
Net Operating Income	\$1,526,016	\$20.30

**THE INCOME CAPITALIZATION APPROACH**

The following table summarizes the comparable expense data:

Comparable	1	2	3	4	5
County	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Orange
NRA	63,318	60,471	84,265	120,500	194,312
Comparable	1	2	3	4	5
Base Rental Revenue	\$1,432,889	\$1,792,992	\$2,076,632	\$4,107,540	\$3,501,954
Other Income	\$0	\$47,648	\$288,311	\$42	\$0
Expense Reimbursement Revenue	\$65,202	\$22,844	\$241,293	\$0	\$913,220
Potential Gross Income	\$1,498,091	\$1,863,484	\$2,606,236	\$4,107,582	\$4,378,230
Vacancy and Collection Loss	\$0	\$0	\$0	\$0	\$0
Effective Gross Income	\$1,498,091	\$1,863,484	\$2,606,236	\$4,107,582	\$4,378,231
	Amount	Amount	Amount	Amount	Amount
Real Estate Taxes	\$158,936	\$94,049	\$102,257	\$82,038	\$406,308
Insurance	\$19,338	\$15,596	\$27,841	\$57,260	\$114,942
Utilities	\$156,290	\$162,810	\$331,907	\$45,308	\$38,928
Repairs and Maintenance	\$197,564	\$104,947	\$277,186	\$101,286	\$140,546
Contract Services	\$0	\$0	\$0	\$0	\$3,983
Management Fee	\$76,378	\$143,293	\$78,187	\$117,735	\$81,445
Payroll	\$0	\$50,853	\$0	\$1,095	\$0
Administrative	\$0	\$9,176	\$226,973	\$28,802	\$6,039
Total Operating Expenses	\$608,506	\$580,724	\$1,044,351	\$433,524	\$792,191
Net Operating Income	\$889,585	\$1,282,760	\$1,561,885	\$3,674,058	\$3,586,040
Net Cash Flow	\$889,585	\$1,282,760	\$1,561,885	\$3,674,058	\$3,586,040
Expenses/SF	\$9.61	\$9.60	\$12.39	\$3.60	\$4.08
Expense Ratio	40.62%	31.16%	40.07%	10.55%	18.09%

Normally, the most reliable information is that of the actual expense history of the property being appraised, along with competing properties in the marketplace. Projections of first year expense amounts for individual expense categories are discussed as follows:

**FIXED EXPENSES**

These are operating expenses that do not vary with occupancy. These expenses must be paid whether or not the property is occupied.

**Real Estate Taxes**

The subject's estimated real estate taxes are detailed in the following table:

737 S. Broadway	
Parcel ID	5144-014-030
Projected Total Assessment	\$21,800,000
Projected Millage Rate	1.199398
Projected Taxes	\$261,469
Projected Special Assessments	\$16,099
Projected Total Taxes	\$277,568
Projected Taxes Rounded	\$278,000

## THE INCOME CAPITALIZATION APPROACH

Real Estate Taxes - Subject	
	Direct Cap Projection
Amount	\$278,000
Per SF	\$3.70
% of EGI	13.09%

### Insurance

Insurance expense typically includes an owner's liability coverage, fire and extended coverage, and potentially other catastrophic insurance coverage. The expense comparables for this category and the appraisers' projected expense are exhibited below.

Insurance					
Expense Comp	1	2	3	4	5
Amount	\$19,338	\$15,596	\$27,841	\$57,260	\$114,942
Per SF	\$0.31	\$0.26	\$0.33	\$0.48	\$0.59
% of EGI	1.29%	0.84%	1.07%	1.39%	2.63%

Insurance - Subject	
	Direct Cap Projection
Amount	\$30,063
Per SF	\$0.40
% of EGI	1.42%

### VARIABLE EXPENSES

### Utilities

This expense accounts for electricity, fuel, telephone, and water and sewer. The expense comparables for this category and the appraisers' projected expense are exhibited below.

Utilities					
Expense Comp	1	2	3	4	5
Amount	\$156,290	\$162,810	\$331,907	\$45,308	\$38,928
Per SF	\$2.47	\$2.69	\$3.94	\$0.38	\$0.20
% of EGI	10.43%	8.74%	12.74%	1.10%	0.89%

Utilities - Subject	
	Direct Cap Projection
Amount	\$22,547
Per SF	\$0.30
% of EGI	1.06%

Modified gross and NNN leases hold tenants responsible for utilities. As such, minimal common area utilities were projected for the subject.

### Repairs and Maintenance

This expense accounts for all items of general maintenance and repair, both interior and exterior. This includes building maintenance, maintenance salaries and supplies, security, landscaping, janitorial, trash removal and other miscellaneous operating expenses. The expense comparables for this category and the appraisers' projected expense are exhibited below.

Repairs and Maintenance					
Expense Comp	1	2	3	4	5
Amount	\$197,564	\$104,947	\$277,186	\$101,286	\$140,546
Per SF	\$3.12	\$1.74	\$3.29	\$0.84	\$0.72
% of EGI	13.19%	5.63%	10.64%	2.47%	3.21%

Repairs and Maintenance - Subject	
Direct Cap Projection	
Amount	\$169,106
Per SF	\$2.25
% of EGI	7.96%

### Management Fee

The management fee expense is the fee paid to an outside agent for managing the building's operation. The expense comparables for this category and the appraisers' projected expense are exhibited below.

Management Fee					
Expense Comp	1	2	3	4	5
Amount	\$76,378	\$143,293	\$78,187	\$117,735	\$81,445
Per SF	\$1.21	\$2.37	\$0.93	\$0.98	\$0.42
% of EGI	5.10%	7.69%	3.00%	2.87%	1.86%

Management Fee - Subject	
Direct Cap Projection	
Amount	\$63,698
Per SF	\$0.85
% of EGI	3.00%

### Administrative

The expense comparables for this category and the appraisers' projected expense are exhibited below.

Administrative					
Expense Comp	1	2	3	4	5
Amount	\$0	\$9,176	\$226,973	\$28,802	\$6,039
Per SF	\$0.00	\$0.15	\$2.69	\$0.24	\$0.03
% of EGI	0.00%	0.49%	8.71%	0.70%	0.14%

Administrative - Subject	
Direct Cap Projection	
Amount	\$15,032
Per SF	\$0.20
% of EGI	0.71%

### Reserves

The expense comparables for this category and the appraisers' projected expense are exhibited below.

Reserves - Subject	
	Direct Cap Projection
Amount	\$18,790
Per SF	\$0.25
% of EGI	0.88%

### TOTAL OPERATING EXPENSES

These expenses include those associated with the operation of the property and do not include any reserves for replacements, capital expenditure items or debt service payments.

The expense comparables for this category and the appraisers' projected expense are exhibited below.

Total Operating Expenses					
Expense Comp	1	2	3	4	5
Amount	\$608,506	\$580,724	\$1,044,351	\$433,524	\$792,191
Per SF	\$9.61	\$9.60	\$12.39	\$3.60	\$4.08
% of EGI	40.62%	31.16%	40.07%	10.55%	18.09%

Total Operating Expenses - Subject	
	Direct Cap Projection
Amount	\$597,235
Per SF	\$7.95
% of EGI	28.13%

The projected operating expenses were within market parameters.

### NET OPERATING INCOME

Net operating income is that amount of the annual income remaining after applying all expenses incurred in the operation of the subject. This net income affords the owner capital with which to satisfy the debt service and provide a return on the owner's equity.

The subject's projected NOI is summarized in the following tables.

Net Operating Income - Subject	
	Direct Cap Projection
Amount	\$1,526,016
Per SF	\$20.30
% of EGI	71.87%



### DIRECT CAPITALIZATION MODEL

Direct Capitalization is used to convert an estimate of a single year's net operating income expectancy into an indication of value in one direct step. In this procedure, the income is divided by an appropriate overall capitalization rate (OAR or Cap Rate), which is derived from market evidence. The chosen rate represents the relationship between income and value as reported by participants in the market.

We have examined appropriate first year overall rates of return via three methods: the band of investment method, a survey of institutional investors active in the national market, and an examination of recent actual sales reflecting overall rates within the local market. Most emphasis is placed on the last method.

### Band of Investment-Debt Coverage Ratio

To estimate an overall rate, the debt coverage ratio can be multiplied by the mortgage capitalization rate and the loan-to-value ratio.

The formula is:

$$R_O = DCR \times R_M \times M$$

The following table indicates the mortgage rates and terms that were extracted from the most recent edition of the RealtyRates.com Investor Survey.

Commercial Mortgage Rates and Terms					
	Apt.	Industrial	Office	Restaurant	Retail
Spread Over Base					
Minimum	0.72%	1.08%	1.10%	1.78%	0.92%
Maximum	4.78%	5.78%	5.65%	11.98%	5.88%
Average	2.75%	3.17%	2.88%	4.68%	3.27%
Interest Rate					
Minimum	4.89%	5.25%	5.27%	5.95%	5.09%
Maximum	8.95%	9.95%	9.82%	16.15%	10.05%
Average	6.92%	7.34%	7.05%	8.85%	7.44%
Debt Coverage Ratio					
Minimum	1.00	1.10	1.10	1.10	1.05
Maximum	1.86	2.05	2.15	2.15	2.15
Average	1.43	1.45	1.63	1.57	1.39
Loan-to-Value Ratio					
Minimum	55%	50%	50%	50%	50%
Maximum	90%	80%	80%	80%	80%
Average	73%	70%	68%	65%	70%
Amortization (Years)					
Minimum	15	15	15	15	15
Maximum	40	40	40	30	40
Average	26	25	30	22	25
Terms (Years)					
Minimum	3	3	3	3	3
Maximum	40	30	30	15	10
Average	20.50	11.46	8.00	7.45	6.20
Equity Dividend Rates					
Minimum	4.66%	6.66%	7.18%	10.08%	7.58%
Maximum	13.63%	15.11%	15.40%	19.68%	17.13%
Average	9.59%	11.31%	11.70%	15.36%	12.83%

Source: RealtyRates.com Investor Survey, 4th Quarter 2023 (3rd Quarter 2023 Data)

### Band of Investment Analysis – Mortgage and Equity

The band of investment technique is a capitalization method in which the overall capitalization rate is abstracted from the component parts of the real estate investment. This mortgage-equity capitalization depends on the mortgage and equity market demands for the individual segments of the cash flow generated by the investment.

The formula for calculating the overall rate using the mortgage-equity band of investment technique is as follows:

$$R_O = (M * R_M) + (E * R_E)$$

$R_O$  is the overall rate,  $M$  is the loan-to-value ratio,  $R_M$  is the mortgage capitalization rate or mortgage constant,  $E$  is the equity ratio, and  $R_E$  is the equity capitalization rate.  $R_E$  is also known as the investor's cash-on-cash rate.

Based on the information presented, we conclude to the following mortgage interest rate, loan term, loan to value ratio, debt coverage ratio and equity dividend rate. The resulting overall rate ( $R_O$ ) is calculated as follows:

Capitalization Rate Variables				
Mortgage Interest Rate	7.00%	Debt Coverage Ratio	1.25	
Loan Term (Years)	30	Equity Dividend Rate	5.00%	
Loan To Value Ratio	70.00%			
Band of Investment Analysis				
Mortgage Constant		Loan Ratio		Contributions
0.0798	x	0.7000	=	0.0559
Equity Dividend Rate		Equity Ratio		
0.0500	x	0.3000	=	0.0150
Band of Investment Capitalization Rate:				0.0709
Rounded:				7.00%
Debt Coverage Ratio Analysis				
Debt Coverage Ratio x Loan to Value Ratio x Mortgage Constant				
		1.25 x 0.70 x 0.0798	=	0.0699
Debt Coverage Ratio Capitalization Rate:				0.0699
Rounded:				7.00%

### SURVEY DATA

The following information was obtained from a survey of institutional investors active in the national market.

National Market Yield Rates for Real Estate Investments			
Los Angeles Office Market			
Fourth Quarter 2023			
	Current Quarter	Last Quarter	Year Ago
Discount Rate (IRR)	7.50%-13.00%	7.50%-12.00%	6.00%-11.00%
Average	9.35%	9.27%	8.78%
Overall Cap Rate (OAR)	6.00%-10.00%	6.00%-10.00%	5.00%-9.00%
Average	7.97%	7.52%	6.90%
Residual Cap Rate	6.00%-10.00%	6.00%-10.00%	5.50%-8.25%
Average	8.03%	7.64%	6.95%
Market Rent Change Rate	(9.00%)-3.00%	(9.00%)-3.00%	(3.00%)-7.00%
Average	(0.10%)	(0.30%)	1.45%
Expense Change Rate	2.00%-6.00%	2.00%-6.00%	2.00%-7.00%
Average	3.30%	3.70%	4.20%
Marketing Time Range	3-15 months	3-15 months	3-15 months
Average	8.0	8.0	6.8

Source: PwC Real Estate Investor Survey, 4th Quarter 2023

### LOCAL SALES DATA

The following table summarizes the capitalization rates of the comparable sales presented in the Sales Comparison Approach.

Comparable Sale Capitalization Rates					
Comp	City/State	Price	Date	NOI	Cap Rate
1	Los Angeles, CA	\$8,500,000	11/30/2022	NA	NA
2	Los Angeles, CA	\$26,540,000	2/3/2022	NA	NA
3	Los Angeles, CA	\$14,224,000	7/20/2022	NA	NA
4	Los Angeles, CA	\$51,000,000	2/14/2022	\$2,028,187	4.00%
5	Los Angeles, CA	\$80,000,000	5/20/2021	NA	NA

Only Comp 4 reported cap rate. Comp 4 was sold under superior market conditions. Comp 4 was also superior in terms of location, parking ratio and buildout quality. An appropriate cap rate for the subject would be positioned lower than Comp 4.

In support of cap rate determination for the subject, additional comparables/listings were presented below.

A 39,248 SF office property located at 1777-1779 Vine Street in Los Angeles sold for \$23,000,000 (\$586.02 per SF) on 03/29/23 based on an overall rate of 7.20%. The seller leased back the entire property for 18 years.

A 48,412 SF office property located at 12901 W. Jefferson Boulevard, Los Angeles is currently listed for \$32,900,000 (\$679.58 per SF) based on an overall rate of 8.00%. The property is leased to IPG (NYSE: IPG, S&P: A2) through April 2028.

A 13,267 SF commercial property located at 3616-3626 E. 1<sup>st</sup> Street, Los Angeles sold for \$3,450,000 (\$260 per SF) on 10/16/23 based on an overall rate of 5.75%. The property includes 1,501 SF of basement area, 10,341 SF of ground floor area and 1,425 SF of 2<sup>nd</sup> floor area. It was 100% leased to New Hope Podiatry and Beneficial State Bank and the leases were scheduled to expire in April 2025 with options to extend.

### **POSITIVES AND NEGATIVES**

#### Positives

1. Historic Core downtown location
2. Recent renovations

#### Negatives

1. Stabilization risks
2. Lack of onsite parking
3. Declining demand for office space as companies downsize office footprint due to an increase in remote workers
4. High interest rate environment
5. Added cost of sale associated with ULA Measure effective 04/01/23.

### **CONCLUSION**

Please note that as of April 1, 2023, the City of Los Angeles has implemented Measure ULA, a new tax applied to all real estate sales, including residential, commercial and vacant land transaction valued at more than \$5 million. When applicable, the ULA Tax is payable in addition to the Los Angeles City and County documentary transfer tax. The real property transfer tax is an excise tax on the privilege of selling a real property interest, not a tax on the property itself, and is calculated on the consideration or value of the real property interest conveyed. The date of value is 02/14/2024 and therefore the subject would be subject to the ULA Property Transfer Tax requirement. The additional ULA tax has been noted by investors as influencing overall rates upward.

Considering the subject's Historic Core DTLA location, ULA measure and the subject's competitive position within the range indicated by market data points, we conclude to 7.00%.

### STABILIZED PRO-FORMA

Unit/Space Type	SF/Units	Total	Rent	% of Rent
Creative Office	59,166	\$1,774,980	\$2.50	79.42%
Retail	8,934	\$375,228	\$3.50	16.79%
Basement	7,058	\$84,696	\$1.00	3.79%
<b>Base Rental Revenue:</b>		<b>\$2,234,904</b>		<b>100.00%</b>
		Total	\$/SF	% of Rent
Base Rental Revenue		\$2,234,904	\$29.74	100.00%
Expense Reimbursement Revenue		\$66,973	\$0.89	3.00%
Potential Gross Income		\$2,301,877	\$30.63	103.00%
Vacancy and Collection Loss @ 7.76%		(\$178,626)	(\$2.38)	
Effective Gross Income		\$2,123,251	\$28.25	95.00%
		Total	\$/SF	% of EGI
Real Estate Taxes		\$278,000	\$3.70	13.09%
Insurance		\$30,063	\$0.40	1.42%
Utilities		\$22,547	\$0.30	1.06%
Repairs and Maintenance		\$169,106	\$2.25	7.96%
Management Fee		\$63,698	\$0.85	3.00%
Administrative		\$15,032	\$0.20	0.71%
Reserves		\$18,790	\$0.25	0.88%
Total Expenses		\$597,235	\$7.95	28.13%
Net Operating Income (NOI)		\$1,526,016	\$20.30	71.87%

### DIRECT CAPITALIZATION METHOD

NOI	\$1,526,016
Divided by OAR	7.00%
<b>Indicated Value</b>	<b>\$21,800,229</b>

### DIRECT CAPITALIZATION CONCLUSION

The indicated value estimate for the subject is calculated as follows. Please see the absorption analysis presented earlier in this section. The cost to complete was estimated based on a budget of \$300,000 with 15% profit added.

Value	Date of Value	Indicated Value	Cost of Stabilization	Cost to Complete	Adjusted Value	Rounded Final Value
"As Is"	2/14/24	\$21,800,229	(\$4,369,008)	(\$345,000)	\$17,086,221	<b>\$17,100,000</b>
"As Complete"	5/14/24	\$21,800,229	(\$4,369,008)	\$0	\$17,431,221	<b>\$17,400,000</b>
"As Stabilized"	8/14/25	\$21,800,229	\$0	\$0	\$21,800,229	<b>\$21,800,000</b>

The Sales Comparison Approach is based upon the assumption that a prudent buyer would not pay more for a property than it would cost him or her to acquire a comparable substitute property. This approach involves the direct comparison of the property being appraised to other similar properties that have sold or are currently being offered for sale. Since no two properties are ever identical, adjustments for differences in quality, location, size and market appeal are often necessary.

The reliability of this technique is dependent upon the availability of comparable sales data, the verification of the sales data, the degree of comparability between each sale and the subject, the date of the sale in relation to the date of the appraisal (taking into account market changes during the interim), and consideration of any atypical conditions affecting price or terms of the sale.

The price a typical purchaser pays is usually the result of an extensive process in which available alternatives are compared. The property that is ultimately purchased typically represents the best available balance between the buyer's specifications and the purchase price. Verified and analyzed data will generally provide good evidence of value, if it represents typical actions and reactions of buyers and sellers active in the market.

Recent relevant comparables were limited. Therefore, we have presented older transactions located outside of downtown Los Angeles. Comparables presented in this section represent best set of comparables available at the time of appraisal.



Mixed-use Creative Office / Retail Property  
24-045-04

## THE SALES COMPARISON APPROACH

### Comparable 1



### Transaction

<b>Name</b>	908-910 Broadway, Los Angeles, CA	<b>Date</b>	11/30/22
<b>Address</b>	908-910 Broadway	<b>Price</b>	\$8,500,000
<b>City</b>	Los Angeles	<b>Grantor</b>	Tarina Tarantino Management LLC
<b>County</b>	Los Angeles	<b>Grantee</b>	Banksy Broadway LLC
<b>State</b>	CA	<b>Property Rights</b>	Fee Simple Estate
<b>Zip</b>	90015	<b>Financing</b>	Conventional
<b>Tax Parcel ID</b>	5139-002-017	<b>Conditions of Sale</b>	Auction Sale
<b>Recordation</b>	1117140	<b>Verification</b>	Jonathan Cutcelli, Hilco Real Estate, (203) 561-8737

### Site & Improvements

<b>NRA</b>	25,688	<b>Year Built</b>	1914
<b>No. of Buildings</b>	1	<b>No. of Floors</b>	7
<b>Land SF</b>	3,485	<b>Land Acres</b>	0.08
<b>MVS Quality</b>	Good	<b>Condition</b>	Good
<b>LTB Ratio</b>	0.14	<b>Parking Type</b>	NA
<b>Parking Spaces</b>	NA	<b>Parking Ratio</b>	NA

### Financial Data

<b>Occupancy</b>	NA	<b>Price Per SF</b>	\$330.89
<b>NOI</b>	NA	<b>NOI/SF</b>	NA
<b>EGIM</b>	NA	<b>Cap Rate</b>	NA

### Comments

A 25,688 square foot office property located at 908-910 South Broadway in Los Angeles, CA was sold for \$ 8,500,000, or approximately \$ 318.50 per square foot. The property sits on 0.08 acre of land. The inline 7-story property lies between West 9th Street and West Olympic Boulevard in DTLA. The property was under contract for 132-days. The property was sold in auction as a bankruptcy sale. It was originally constructed in 1914 and underwent a complete restoration project in 2018. Building area includes ground floor retail space as well as basement space. According to the listing broker, multiple offers were received and the property sold at or near market value. Reportedly, the building was mostly vacant at the time of sale. Currently, the creative office spaces are being listed for lease at \$2.85/SF/Mo to \$3.25/SF/Mo MG.

Mixed-use Creative Office / Retail Property  
24-045-04

## THE SALES COMPARISON APPROACH

### Comparable 2



### Transaction

<b>Name</b>	120 S. San Pedro Street, Los Angeles,	<b>Date</b>	2/3/22
<b>Address</b>	120 S. San Pedro Street	<b>Price</b>	\$26,540,000
<b>City</b>	Los Angeles	<b>Grantor</b>	120 San Holdings LLC
<b>County</b>	Los Angeles	<b>Grantee</b>	JE San Pedro LLC
<b>State</b>	CA	<b>Property Rights</b>	Leased Fee Estate
<b>Zip</b>	90012	<b>Financing</b>	Conventional
<b>Tax Parcel ID</b>	5161-017-029	<b>Conditions of Sale</b>	Arm's length
<b>Recordation</b>	739047	<b>Verification</b>	Evan Jurgensen, Lee & Associates, (323) 922-3733

### Site & Improvements

<b>NRA</b>	79,242	<b>Year Built</b>	1985
<b>No. of Buildings</b>	1	<b>No. of Floors</b>	6
<b>Land SF</b>	24,245	<b>Land Acres</b>	0.56
<b>MVS Quality</b>	Good	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.31	<b>Parking Type</b>	Covered
<b>Parking Spaces</b>	60	<b>Parking Ratio</b>	0.76

### Financial Data

<b>Occupancy</b>	21.00%	<b>Price Per SF</b>	\$334.92
<b>NOI</b>	NA	<b>NOI/SF</b>	NA
<b>EGIM</b>	NA	<b>Cap Rate</b>	NA

### Comments

Per Costar, the sales price was confirmed by one of the listing brokers and one of the buyer's brokers. The sale is comprised of the SP|One-Twenty, a creative office building totaling 79,242 SF located at 120 S. San Pedro St. in Los Angeles, CA. The sales price was reported at \$26,540,000. The property was 21% leased at the time of sale per the marketing brochure. The property contains no deferred maintenance. The seller purchased the property from Union Bank in 2017 and completely overhauled the building into a creative campus in 2020 aimed at design, tech fashion and media companies. Renovations included new spec creative office space, private furnished patio space, new tenant gym and an upgraded lobby, restrooms, signage and landscaping. The building originally constructed in 1985, features ground-floor retail and subterranean parking. Union Bank retained their long-term lease of the ground floor following the prior sale in 2017. The motivation for the seller was they completed their value-add opportunity through repositioning the asset with a generational tenant who will bring new life to the Little Tokyo neighborhood of Downtown. The motivation for the buyer was to purchase the property to occupy and operate their business as an owner/user.

Mixed-use Creative Office / Retail Property  
24-045-04

## THE SALES COMPARISON APPROACH

### Comparable 3



### Transaction

<b>Name</b>	816 S. Figueroa Street, Los Angeles,	<b>Date</b>	7/20/22
<b>Address</b>	816 S. Figueroa Street	<b>Price</b>	\$14,224,000
<b>City</b>	Los Angeles	<b>Grantor</b>	American Heart Association, Inc.
<b>County</b>	Los Angeles	<b>Grantee</b>	Tital Holdings LLC
<b>State</b>	CA	<b>Property Rights</b>	Leased Fee Estate
<b>Zip</b>	90017	<b>Financing</b>	Conventional
<b>Tax Parcel ID</b>	5144-021-035	<b>Conditions of Sale</b>	Arm's length
<b>Recordation</b>	742330	<b>Verification</b>	See comments

### Site & Improvements

<b>NRA</b>	35,452	<b>Year Built</b>	1924
<b>No. of Buildings</b>	1	<b>No. of Floors</b>	5
<b>Land SF</b>	7,841	<b>Land Acres</b>	0.18
<b>MVS Quality</b>	Average	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.22	<b>Parking Type</b>	NA
<b>Parking Spaces</b>	NA	<b>Parking Ratio</b>	NA

### Financial Data

<b>Occupancy</b>	52.50%	<b>Price Per SF</b>	\$401.22
<b>NOI</b>	NA	<b>NOI/SF</b>	NA
<b>EGIM</b>	NA	<b>Cap Rate</b>	NA

### Comments

According to Costar, the 35,452 square foot office building at 816 S. Figueroa St, Los Angeles, CA 90017 was sold for \$14,224,000, or \$401.22 per square foot on July 20, 2022. The 5-story 35,452 SF building was situated on a 7,841 SF site. Details regarding the sale could not be verified with the listing broker. Information has been sourced from Costar.

Comparable 4



Transaction

<b>Name</b>	1910 W Sunset Blvd	<b>Date</b>	2/14/22
<b>Address</b>	1910 W Sunset Blvd	<b>Price</b>	\$51,000,000
<b>City</b>	Los Angeles	<b>Grantor</b>	International Church Of Foursquare
<b>County</b>	Los Angeles	<b>Grantee</b>	1910 Sunset Blvd (LA), LP
<b>State</b>	CA	<b>Property Rights</b>	Leased Fee Estate
<b>Zip</b>	90026-3275	<b>Financing</b>	Cash to Seller
<b>Tax Parcel ID</b>	5404-001-036; 5404-001-040	<b>Conditions of Sale</b>	Arm's length
<b>Recordation</b>	176474	<b>Verification</b>	Broker and buyer press releases

Site & Improvements

<b>NRA</b>	99,761	<b>Year Built</b>	1965
<b>No. of Buildings</b>	1	<b>No. of Floors</b>	8
<b>Land SF</b>	54,014	<b>Land Acres</b>	1.24
<b>MVS Quality</b>	Good	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.54	<b>Parking Type</b>	Surface
<b>Parking Spaces</b>	215	<b>Parking Ratio</b>	2

Financial Data

<b>Occupancy</b>	92.00%	<b>Price Per SF</b>	\$511.22
<b>NOI</b>	\$2,028,187	<b>NOI/SF</b>	\$20.33
<b>EGIM</b>	12.71	<b>Cap Rate</b>	4.00%

Comments

The sale is comprised of the Rolf K McPherson building, an 8-story office building with ground floor retail occupied by Citibank, LA National Bank and two restaurants. It is located in the Echo Park area. The building stands along on 2 parcels of land surrounded by 3 streets : Sunset Boulevard, Glendale Boulevard and Park Avenue. The subject property was 92% occupied; however, this occupancy includes the seller occupied space on the 2nd and 4th floor that was vacated at closed of escrow and represented 17% of the space. The indicated 4.00% is a proforma cap rate. Therefore, the building was delivered with a 75% occupancy. The freestanding tower features floor-to-ceiling windows offering unobstructed 360 degree views of Echo Park and downtown Los Angeles. The sale was an all cash transaction. The buyer will renovate the building; upgrades include to improve the property into creative office space catering to entertainment, media and technology companies. Broker Lee Black of KW Commercial at (818)657-6539 represented both sides of the transaction.

Comparable 5



Transaction

<b>Name</b>	The Switchyard	<b>Date</b>	5/20/21
<b>Address</b>	500 and 540 South Santa Fe Ave	<b>Price</b>	\$80,000,000
<b>City</b>	Los Angeles	<b>Grantor</b>	C.E.G. Construction
<b>County</b>	Los Angeles	<b>Grantee</b>	SteelWave, Inc.
<b>State</b>	CA	<b>Property Rights</b>	Fee Simple Estate
<b>Zip</b>	90013-2233	<b>Financing</b>	Cash to Seller
<b>Tax Parcel ID</b>	5164-004-013, 014, 018	<b>Conditions of Sale</b>	Arm's length
<b>Recordation</b>	813806/813807	<b>Verification</b>	Broker Press Release

Site & Improvements

<b>NRA</b>	157,451	<b>Year Built</b>	2019
<b>No. of Buildings</b>	2	<b>No. of Floors</b>	2 and 5
<b>Land SF</b>	130,569	<b>Land Acres</b>	3.00
<b>MVS Quality</b>	Good	<b>Condition</b>	Average
<b>LTB Ratio</b>	0.83	<b>Parking Type</b>	Surface
<b>Parking Spaces</b>	473	<b>Parking Ratio</b>	3

Financial Data

<b>Occupancy</b>	0.00%	<b>Price Per SF</b>	\$508.09
<b>NOI</b>	NA	<b>NOI/SF</b>	\$0.00
<b>EGIM</b>	NA	<b>Cap Rate</b>	NA

Comments

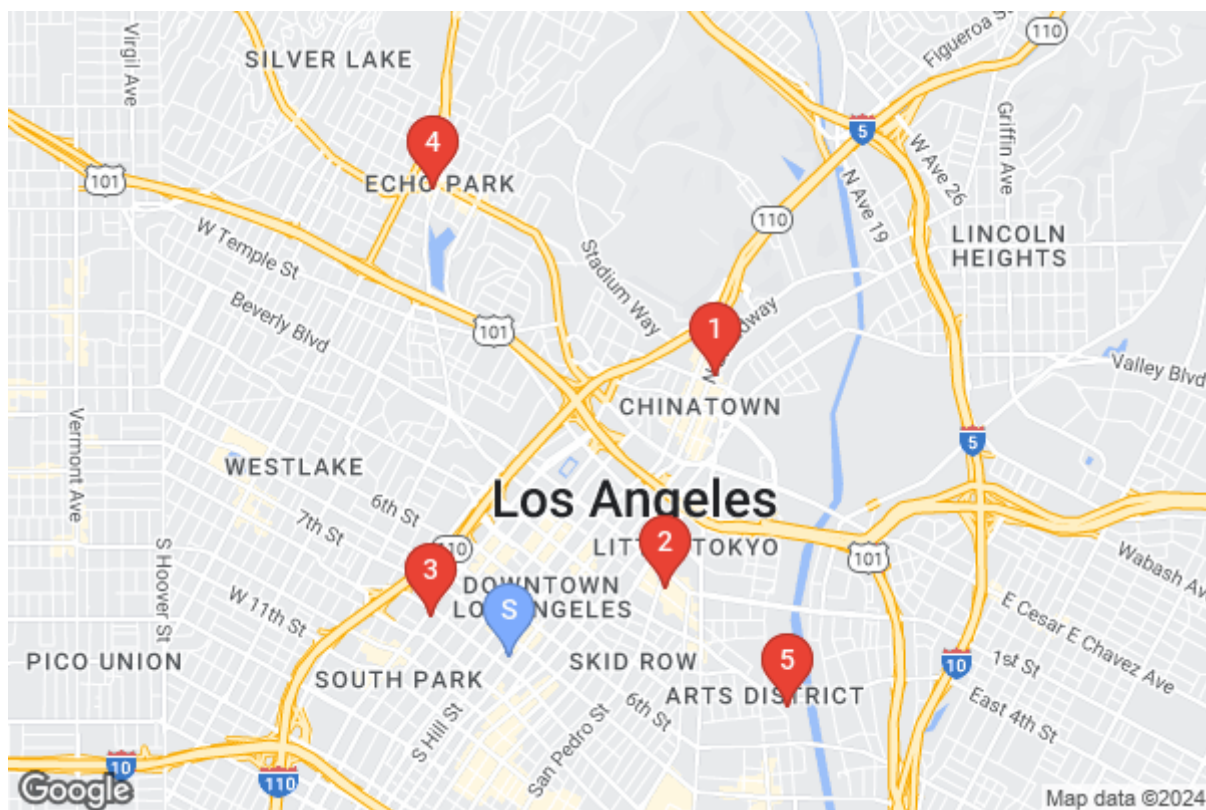
The Switchyard consists of two adjacent, low rise, Class A office buildings located in the Arts District of the city of Los Angeles near Los Angeles River and 4th Street bridge. Constructed in 2019, the 500 S Santa Fe property consists of a newly developed creative office building totaling approximately 100,000 SF in five stories that also offers ground floor retail. The 540 S Santa Fe Ave property consists of a two-story office building totaling 50,888 SF that was built in 2012. Both buildings feature secure parking and gated and secure entry. Both buildings were vacant at the time of sale. The property at 500 S. Santa Fe Ave. only had approximately 11,000 SF built out, and remaining space was just raw space that hadn't been built out. The buyer will institute a capital program that will elevate the buildings' exterior by using different paint schemes and mural applications. Additionally, the buyer will make a transformative improvements on-site amenities including outdoor seating, enhanced landscaping, upgraded lobbies. Brokers Michael Condon, Steven Marcussen, Erica Finck, and Bailey Dawson of Cushman & Wakefield at (213)629-7379 represented both sides of the transaction.



### IMPROVED SALES SUMMARY

Comp	Address City	Recordation Year Built	Price Date	Land SF LTB Ratio	NRA Price Per SF	Expenses/SF NOI/SF	EGIM Cap Rate
1	908-910 Broadway Los Angeles	1117140 1914	\$8,500,000 11/30/2022	3,485 0.14	25,688 \$330.89	NA NA	NA NA
2	120 S. San Pedro Street Los Angeles	739047 1985	\$26,540,000 02/03/2022	24,245 0.31	79,242 \$334.92	NA NA	NA NA
3	816 S. Figueroa Street Los Angeles	742330 1924	\$14,224,000 07/20/2022	7,841 0.22	35,452 \$401.22	NA NA	NA NA
4	1910 W Sunset Blvd Los Angeles	176474 1965	\$51,000,000 02/14/2022	54,014 0.54	99,761 \$511.22	\$19.89 \$20.33	12.71 4.00%
5	500 and 540 South Santa Fe Los Angeles	813806/813807 2019	\$80,000,000 05/20/2021	130,569 0.83	157,451 \$508.09		NA NA

### SALES COMPARABLES MAP



### IMPROVED SALES ANALYSIS

To estimate the value of the subject, we analyzed the sale comparables and have made adjustments for varying characteristics.

### Property Rights Conveyed

The property rights conveyed for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of a leased fee interest. Fee simple and leased fee values were considered similar and no adjustments were applied.



### Financing Terms

The financing terms for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of a cash to seller transaction. No adjustments were warranted.

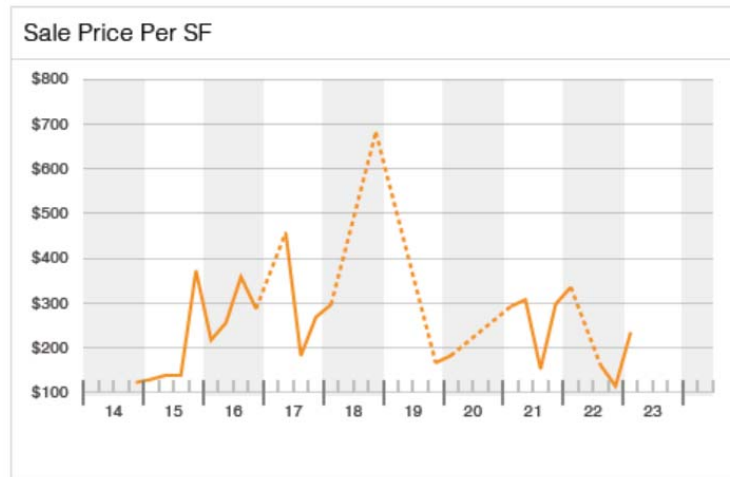
### Conditions of Sale

The conditions of sale for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of an arm's length transaction. No adjustments were warranted.

### Market Conditions

In terms of an adjustment for market conditions, from the sales shown, it is somewhat subjective to determine an exact adjustment when sales are limited. We have utilized various resources to estimate market conditions adjustment.

First of all, we have performed analytic research on CSstar, using sales of office properties containing building size in the range of 35,000 SF to 100,000 SF, located in Downtown Los Angeles Submarket. The average sale price per SF declined from \$335 per SF in 1Q22 to \$234 per SF in 1Q24, roughly indicating a 30% value decline in 2 years.



Secondly, the average cap rate per PwC Real Estate Survey for Los Angeles Office Market increased from 6.25% reported in 1Q22 to 8.92% reported in 1Q24, representing a 267 basis points increase. It represents roughly a 28% value decline in 2 years. The 28% is based on a sensitivity analysis where 267 basis points were added to the subject's valuation pro-forma to measure the impact on value.

The City started imposing a real property transfer tax on all documents that convey real property within the City. The present tax ("Base Tax") is computed based on the consideration or value of the real property interest conveyed at a rate of 0.45%. The special tax under Measure ULA ("ULA Tax") imposes an additional tax on top of the Base Tax. Measure ULA established the ULA Tax to fund affordable housing projects and provide resources to tenants at risk of homelessness. The ULA Tax is imposed on all documents that convey real property within the City of Los Angeles when the consideration or value of the real property interest conveyed exceeds a threshold of five million dollars, or is ten million dollars or greater, respectively.

A. The rate components are as follows:

- The Base Tax rate of \$2.25 per \$500 or part thereof ("Base Rate").
- The ULA Tax rates of, 1) 4% for properties conveyed over \$5,000,000, but under \$10,000,000, and 2) 5.5% for properties conveyed at \$10,000,000 or more ("ULA Rates").

- The ULA Tax became applicable to qualified conveyances of real property interests that occurred on or after April 1, 2023.

Value of Property Conveyed	Base Rate*	ULA Rate	Applicable Tax Rate
> \$100; ≤ \$5,000,000	\$2.25 / \$500	0%	0.45%*
> \$5,000,000; < \$10,000,000	\$2.25 / \$500	4%	4.45%*
≥ \$10,000,000	\$2.25 / \$500	5.5%	5.95%*

All Comps were sold prior to the effective date of ULA measure. The negative impact on value triggered by the newly implemented ULA measure effective April 1, 2023 was considered reflected in the overall negative market conditions adjustment applied.

Considering all, we have applied a -10% adjustment to each comparable, annualized to the date of value, February 14, 2024.

#### Location

The adjustment for location realizes that properties in areas of active growth and development, as well as those which offer good accessibility in terms of frontage on major thoroughfares, typically sell for a higher price per SF than properties which do not offer these attributes, with all other factors held constant. The relative desirability of each site in relation to the subject is shown in the adjustment grid.

Sale Comp 1 is located along Broadway in a similar submarket and an adjustment was withheld. Sale Comp 2's downtown location was also considered similar. Sale Comp 3, which is located in central DTLA area, was considered superior in terms of location, warranting a downward adjustment. Sale Comp 4's Echo Park/Silver Lake/Sunset Boulevard location was considered superior, warranting a downward adjustment. Sale Comp 5's Arts District was also considered superior, warranting a downward adjustment.

#### Age (Year Built)

Logical adjustments are applied to the comparables on the basis of age. Typically, the older a building's improvements, the lower the income it can achieve in the market; thus, it will sell for a lower price, with all other factors held constant. The subject was built in 1913 and recently renovated. The effective age for the property is estimated to be 15 years old.

Sale Comp 5 was applied a downward adjustment.

#### Parking Ratio

Parking is limited to off-site for the subject. Logical parking ratio adjustments were applied.

### Occupancy

Adjustments must also be made for income characteristics, which appear to have a significant effect on sale price in the case of properties within the subject's market. Typically, properties that are fully leased generally sell for higher prices than those which are not at a stabilized occupancy level. The subject was considered stabilized since separate lease-up cost adjustments will be applied. According to the broker, Sale Comp 1 was mostly vacant at the time of sale, warranting an upward adjustment. Sale Comp 3 was 52.50% leased at the time of sale and an upward adjustment was applied. Sale Comp 5 was vacant at the time of sale, warranting an upward adjustment.

### Size

In terms of size, it is noted that smaller buildings typically sell for a higher price per SF than larger buildings, with all other factors held constant. The subject contains 75,158 SF of net rentable area.

No adjustments were warranted.

### Interior Buildout Quality

Sale comparables featured differing qualities of interior build-out improvements. Sale Comp 1 is a historic building known as the Sparkle Building which underwent a complete restoration project in 2018. Sale Comp 1 was considered superior in this regard and a downward adjustment was applied. Sale Comp 2 underwent a complete overhaul into a creative campus in 2020. Sale Comp 2 was considered superior in this regard and a downward adjustment was applied. Sale Comp 3 was considered superior in this regard and a downward adjustment was applied. No adjustment was warranted for Sale Comp 4. Sale Comp 5 represented a low-rise Class A office property constructed in 2019. A downward adjustment was considered appropriate for Sale Comp 5.

### IMPROVED SALES ANALYSIS CONCLUSION

The previously-described adjustments are summarized in the following grid. The percentage adjustments are used to show the emphasis placed on each adjustment, and are not based on a paired sales analysis.

Mixed-use Creative Office / Retail Property  
24-045-04

THE SALES COMPARISON APPROACH

IMPROVED SALES ADJUSTMENT GRID (PRICE/SF)											
Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5	
Name	Mixed-use Creative	908-910 Broadway,	120 S. San Pedro	816 S. Figueroa	1910 W Sunset Blvd	The Switchyard					
Address	737 S. Broadway	908-910 Broadway	120 S. San Pedro	816 S. Figueroa	1910 W Sunset Blvd	500 and 540 South					
			Street	Street		Santa Fe Ave					
City	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles					
State	CA	CA	CA	CA	CA	CA					
Date		11/30/2022	2/3/2022	7/20/2022	2/14/2022	5/20/2021					
Price		\$8,500,000	\$26,540,000	\$14,224,000	\$51,000,000	\$80,000,000					
NRA	75,158	25,688	79,242	35,452	99,761	157,451					
Price per SF		\$331	\$335	\$401	\$511	\$508					
Transactional Adjustments											
Property Rights		Fee Simple Estate	0%	Leased Fee Estate	0%	Leased Fee Estate	0%	Leased Fee Estate	0%	Fee Simple Estate	0%
Financing	Cash to Seller	Conventional	0%	Conventional	0%	Conventional	0%	Cash to Seller	0%	Cash to Seller	0%
Conditions of Sale	Arm's Length	Auction Sale	0%	Arm's length	0%	Arm's length	0%	Arm's length	0%	Arm's length	0%
Market Trends Through	2/14/2024	-10%	-11.95%	-19.26%	-15.27%	-19.00%		-25.07%			
Adjusted Price per SF		\$291	\$270	\$340	\$414	\$381					
Property Adjustments											
Location	Downtown LA	Similar	Similar	Superior	Superior	Superior					
% Adjustment	Broadway	0%	0%	-10%	-15%	-15%					
\$ Adjustment		\$0	\$0	(\$34)	(\$62)	(\$57)					
Year Built	1913	1914	1985	1924	1965	2019					
% Adjustment		0%	0%	0%	0%	-10%					
\$ Adjustment		\$0	\$0	\$0	\$0	(\$38)					
Parking Ratio	0.00	NA	0.76	NA	2.16	3.00					
% Adjustment		0%	-2.5%	-5%	-10%	-10%					
\$ Adjustment		\$0	(\$7)	(\$17)	(\$41)	(\$38)					
Occupancy	Assumed stabilized	NA	Buyer to occupy	52.50%	92.00%	Vacant					
% Adjustment		5%	0%	5%	0%	5%					
\$ Adjustment		\$15	\$0	\$17	\$0	\$19					
NRA	75,158	25,688	79,242	35,452	99,761	157,451					
% Adjustment		0%	0%	0%	0%	0%					
\$ Adjustment		\$0	\$0	\$0	\$0	\$0					
Builtout Quality	Average	Superior	Superior	Superior	Similar	Superior					
% Adjustment		-10%	-10%	-10%	0%	-5%					
\$ Adjustment		(\$29)	(\$27)	(\$34)	\$0	(\$19)					
Adjusted Price per SF		\$277	\$237	\$272	\$311	\$247					
Property Adjustments (Net)		-5%	-12.5%	-20%	-25%	-35%					
Property Adjustments (Gross)		15%	12.5%	30%	25%	45%					

### PRICE/SF METHOD CONCLUSION

The comparables show a price/SF range of \$236.62 /SF to \$310.57 /SF on an adjusted basis, with an average of \$268.68 /SF.

Sale Comp 1, which is located along Broadway and located in the subject's immediate submarket, was given higher weight.

Based on the comparables and the adjustments made to them, we conclude to \$280.00/SF.

Value Conclusion	\$280.00 /SF
Multiplied by Subject Size	75,158 SF
<b>Indicated Value</b>	<b>\$21,044,240</b>

The cost of stabilization and cost to complete (15% profit added) estimated in the Income Approach have been deducted to render as-is and as-complete values.

Value	Date of Value	Indicated Value	Cost of Stabilization	Cost to Complete	Adjusted Value	Rounded Final Value
"As Is"	2/14/24	\$21,044,240	(\$4,369,008)	(\$345,000)	\$16,330,232	\$16,300,000
"As Complete"	5/14/24	\$21,044,240	(\$4,369,008)	\$0	\$16,675,232	\$16,700,000
"As Stabilized"	8/14/25	\$21,044,240	\$0	\$0	\$21,044,240	\$21,000,000

The Sales Comparison and the Income Capitalization Approaches were employed in the valuation of the subject. The values derived via these methods are shown below:

Value	Date of Value	Income Capitalization Conclusion	Sales Comparison Conclusion
"As Is"	2/14/24	\$17,100,000	\$16,300,000
"As Complete"	5/14/24	\$17,400,000	\$16,700,000
"As Stabilized"	8/14/25	\$21,800,000	\$21,000,000

In each of these approaches, we have attempted to summarize all the input data and have briefly explained our methodology in processing and/or analyzing this data. Insofar as we have been able to determine, this data has been obtained from reliable sources and was accepted as being accurate. We give full recognition to the inherent weaknesses in each of the approaches. It should be acknowledged that because the appraisal of real property is not an exact science, professional judgment on our part becomes a component of each of the recognized approaches.

The Sales Comparison Approach is dependent on a direct comparative technique of the sale, or offering of, similar properties. Since no two properties are ever identical, it is necessary to analyze and determine the degree of comparability between the subject and the sale properties for differences. The primary unit of comparison utilized in the valuation of the subject was the price per SF. A number of recent sales of comparable properties were uncovered, and after the adjustment process, we concluded to a value/SF for the subject. Based on the sales presented and their similarity to the subject, supporting emphasis is placed on the Sales Comparison Approach.

In the Income Capitalization Approach, the gross annual income potential of the subject is estimated via a comparison with the rents being charged at competitive properties, and with consideration to the existing leases at the property. After estimating gross income potential, deductions are made for the appropriate vacancy, collection loss, and all applicable expenses incurred through the ownership of the property.

The direct capitalization method is employed in the Income Capitalization Approach. The direct capitalization method is the primary method of valuation used by the class of investors that would potentially purchase or sell a property similar to the subject. Considering the availability of data relating to value assumptions and overall capitalization rates, a high level of reliability is placed on this method. The Income Capitalization Approach is given primary consideration in the reconciliation process.

In the final analysis of the subject, we consider the influence of the approaches used in relation to one another and in relation to the subject and, since buyers and sellers of similar properties are primarily interested in the monetary benefits of ownership, the Income Capitalization Approach is the most reliable technique in forming an opinion of the subject's value.

Based on the analysis of pertinent physical and economic factors, we have arrived at the following value opinions:

Perspective	Value	Date of Value	Interest Appraised	Value Opinion
Current	"As Is"	2/14/24	Fee Simple Estate	<b>\$17,100,000</b>
Prospective	"As Complete"	5/14/24	Fee Simple Estate	<b>\$17,400,000</b>
Prospective	"As Stabilized"	8/14/25	Leased Fee Estate	<b>\$21,800,000</b>



At the time of our previous appraisal in July 2021, the ownership's representative indicated the renovation was nearly complete with some inspections and utility tie-ins remaining for the issuance of certificates of occupancy, which was expected to be completed within 2-3 months. The cost to complete was projected at approximately \$300,000 at that time. We were not able to confirm whether the remaining construction was complete and whether the certificates of occupancy have been issued. Based on our research of online records and permits on LADBS (Los Angeles Department of Building and Safety) website, no recent records have been found. Therefore, similar assumptions regarding the completion and the occupancy permits made at the time of our previous appraisal in July 2021 were assumed prevailing currently. This appraisal is based on an assumption that the renovations will be completed in a professional manner at a cost not exceeding the budget and the certificates of occupancy will be issued within the timeframe projected. We reserve the right to amend the appraisal if the assumptions prove inaccurate. Also, the property was last inspected and photographed in 2021. We assume the interior and exterior conditions have not significantly changed. The use of the aforementioned Extraordinary Assumptions might have affected the assignment results.

This appraisal is not based on any hypothetical conditions.

**GLOSSARY OF VALUATION TERMS**

Term	Definition	Source
Air Rights	The right to undisturbed use and control of designated air space above a specific land area within stated elevations. Air rights may be acquired to construct a building above the land or building of another or to protect the light and air of an existing or proposed structure on an adjoining lot. Air rights do not always include development rights. See also transferable development right (TDR).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
As Is Market Value	The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Band of Investment	A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Condominium	A multiunit structure, or a unit within such a structure, with a condominium form of ownership.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Debt Coverage Ratio (DCR)	The ratio of net operating income to annual debt service ( $DCR = NOI/I_M$ ), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Deferred Maintenance	Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Depreciation	1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

## GLOSSARY OF VALUATION TERMS

Term	Definition	Source
	2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques.	
Discount Rate (Y)	A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Effective Gross Income (EGI)	The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Effective Gross Income Multiplier (EGIM)	The ratio between the sale price (or value) of a property and its effective gross income.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Entrepreneurial Profit	<ol style="list-style-type: none"> <li>1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.</li> <li>2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward. See also entrepreneurial incentive.</li> </ol>	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

**GLOSSARY OF VALUATION TERMS**

Term	Definition	Source
Equity Capitalization Rate (R <sub>E</sub> )	An income rate that reflects the relationship between one year's equity cash flow and the equity investment; also called the cash-on-cash rate, cash flow rate, cash throw-off rate, or equity dividend rate. ( $R_E = I_E/V_E$ , or Pre-Tax Cash Flow/Equity Invested)	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Equity Ratio	The ratio between the down payment paid on a property and its total price; the fraction of the investment that is unencumbered by debt.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Excess Land	Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Exposure Time	An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.	Uniform Standards of Professional Appraisal Practice, 2020-2021 Ed.
External Obsolescence	A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Extraordinary Assumption	An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.	Uniform Standards of Professional Appraisal Practice, 2020-2021 Ed.
Fee Simple Estate	Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Gross Building Area (GBA)	1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

**GLOSSARY OF VALUATION TERMS**

Term	Definition	Source
	<ol style="list-style-type: none"> <li>2. Gross leasable area plus all common areas.</li> <li>3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.</li> </ol>	
Gross Leasable Area (GLA)	Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Highest and Best Use	<ol style="list-style-type: none"> <li>1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.</li> <li>2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)</li> <li>3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)</li> </ol>	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Hypothetical Condition	A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.	Uniform Standards of Professional Appraisal Practice, 2020-2021 Ed.
Insurable Value	A type of value for insurance purposes.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

**GLOSSARY OF VALUATION TERMS**

Term	Definition	Source
Internal Rate of Return (IRR)	The annualized yield rate or rate of return on capital that is generated within an investment or portfolio over a period of ownership. Alternatively, the indicated return on capital associated with a projected or pro forma income stream.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Leased Fee Interest	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Leasehold Interest	The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Loan-to-Value Ratio (M)	The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage; also called loan ratio or LTV.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Marketing Time	An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Market Rent	The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)



**GLOSSARY OF VALUATION TERMS**

Term	Definition	Source
Market Value	A type of value, stated as an opinion, that presumes the transfer of a property (i.e. a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraisers as applicable in an appraisal. Comment: Appraisers are cautioned to identify the exact definition of market value, and its authority, applicable in each appraisal completed for the purpose of market value.	Uniform Standards of Professional Appraisal Practice, 2020-2021 Ed.
Mortgage Capitalization Rate ( $R_M$ )	The capitalization rate for debt; the ratio of the annual debt service to the principal amount of the mortgage loan. The mortgage capitalization rate ( $R_M$ ) is equivalent to the periodic (monthly, quarterly, annual) mortgage constant times the number of payments per year on a given loan on the day the loan is initiated.  $R_M = \text{Annual Debt Service} / \text{Mortgage Principal}$	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Mortgage Debt Service ( $I_M$ )	The periodic payment for interest on and retirement of the principal of a mortgage loan; also called total mortgage debt service. Generally, the abbreviation $I_M$ refers to the total debt service, whereas mortgage debt service can be used to refer to either the periodic payment or the total of the payments made in a year.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Net Income Multiplier (NIM)	The relationship between price or value and net operating income expressed as a factor; the reciprocal of the overall capitalization rate.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Net Operating Income (NOI or $I_O$ )	The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Net Rentable Area (NRA, Rentable Area)	For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

## GLOSSARY OF VALUATION TERMS

Term	Definition	Source
Overall Capitalization Rate ( $R_o$ )	The relationship between a single year's net operating income expectancy and the total property price or value ( $R_o = I_o / V_o$ ).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Prospective Market Value "As Completed" and "As Stabilized"	A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed—reflects the property's market value as of the time that development is expected to be completed. The prospective market value—as stabilized—reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Prospective Opinion of Value	A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Replacement Cost	The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

## GLOSSARY OF VALUATION TERMS

Term	Definition	Source
Replacement Cost for Insurance Purposes	The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Reproduction Cost	The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Residual Capitalization Rate ( $R_N$ )	An overall capitalization rate used to estimate the resale price of a property; usually applied to the anticipated stabilized income for the year beyond the holding period; also called terminal capitalization rate.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Retrospective Value Opinion	A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Sandwich Lease	A lease in which an intermediate, or sandwich, leaseholder is the lessee of one party and the lessor of another. The owner of the sandwich lease is neither the fee owner nor the user of the property; he or she may be a leaseholder in a chain of leases, excluding the ultimate sublessee.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Sum of the Retail Values	The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the aggregate of the retail values or aggregate retail selling price.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

**GLOSSARY OF VALUATION TERMS**

Term	Definition	Source
Surplus Land	Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

#### QUALIFICATIONS OF THE APPRAISERS/LICENSES

## QUALIFICATIONS OF THE APPRAISER

### PETER MEYERS, MAI, MRICS

Peter Meyers, MAI, MRICS, currently holds the position of Managing Partner with the Los Angeles office of Joseph J. Blake and Associates, Inc., at 201 Continental Blvd., Suite 100, El Segundo, California 90245.

### FORMAL EDUCATION

University of Southern California, Los Angeles, California  
*Bachelor of Science*

### PROFESSIONAL AFFILIATIONS

Affiliation	Number
Arizona State-Certified General Real Estate Appraiser	No. 31147
California State—Certified General Real Property Appraiser	No. AG 024373
Hawaii State – Certified General Appraiser	No. CGA-950
Nevada State – Certified General Appraiser	No. A.0003609-CG
Appraisal Institute, Designated Member	No. 12085
California State – Real Estate Broker	No. 01267688

### APPRAISAL EXPERIENCE

Clients served by Peter Meyers include banks, savings and loans, institutional investors, pension funds, private individuals, development companies, real estate syndicators, and various other entities. A specific client list or references will be furnished upon request.

Peter Meyers has been involved in real estate appraising since the completion of his formal education. Real estate appraisal assignments have been performed in California and the Southwestern United States. The scope of these real estate assignments has included raw land, subdivisions, multi-family projects, retail properties, office properties, historical properties, industrial properties, lodging facilities, restaurants, and special purpose properties. Additionally, he has performed marketability, consultation and feasibility reports. Specific project experience will be furnished upon request.





Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Peter H. Meyers**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

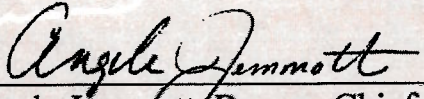
**"Certified General Real Estate Appraiser"**

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

**BREA APPRAISER IDENTIFICATION NUMBER: AG 024373**

**Effective Date: April 17, 2023**

**Date Expires: April 16, 2025**

  
Angela Jemmott, Bureau Chief, BREA

**3070932**



## QUALIFICATIONS OF THE APPRAISER

### SIMON KIM, MAI

Mr. Kim is a Director for the Los Angeles office of Joseph J. Blake and Associates, Inc. located at 201 Continental Blvd., Suite 100, El Segundo, CA 90245.

#### FORMAL EDUCATION

University of California, Santa Barbara  
*Bachelor of Arts, Political Science*

#### REAL ESTATE AND APPRAISAL EDUCATION

Course Name	Provider
Advanced Cost and Sales Comparison Approaches	Appraisal Institute
Advanced Income Approach	Appraisal Institute
Basic Appraisal Principles	Appraisal Institute
Basic Appraisal Procedures	Appraisal Institute
Basic Income Capitalization	Appraisal Institute
Report Writing and Valuation Analysis	Appraisal Institute
General Market Analysis and Highest and Best Use	Appraisal Institute
Condemnation Appraising: Basic Principles and Applications	Appraisal Institute
Advanced Applications	Appraisal Institute
Basic Business Valuation	NACVA/CTI
Advanced Comprehensive CBA Clinic (Business Valuation)	NACVA/CTI

#### PROFESSIONAL AFFILIATIONS

Affiliation	Number
Appraisal Institute, Designated Member	No. 461733
California State Certified General Real Estate Appraiser	No. AG043942
California Real Estate Broker	No. 01433862

#### APPRAISAL EXPERIENCE

Appraisal and appraisal review experiences includes retail properties, regional power centers, medical and professional offices, hotels, resorts, apartments, vacant land, mini-storage, industrial and R&D buildings, data centers, mixed-use properties, athletic clubs, nursing homes, assisted living facilities, gas stations, car washes, golf courses.



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Simon S. Kim**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 043942

Effective Date: May 16, 2022

Date Expires: May 15, 2024

Loretta Dillon, Deputy Bureau Chief, BREA

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